

Buffalo Urban Development Corporation

143 Genesee Street Buffalo,
New York 14203

phone: 716-856-6525

fax: 716-856-6754

web: buffalourbandevelopment.com



Buffalo Urban Development Corporation

MEETING NOTICE

The next meeting of the Buffalo Urban Development Corporation scheduled for:

Tuesday, March 25, 2014

at

12:00 P.M.

at

95 Perry Street, 5th Floor

ESD Conference Room

Buffalo, New York 14203

Please confirm your attendance plans with Carrie Hocieniec (856-6525 ext 136) or e-mail: chocieni@ecidany.com as soon as possible.

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Buffalo Urban Development Corporation Board of Directors Meeting

Date: Tuesday, March 25, 2014 **Time:** Noon
Place: BUDC/ECIDA Offices, 95 Perry Street, 5th Floor Conference Room
Buffalo, New York 14203

1.0 CALL TO ORDER

2.0 READING OF THE MINUTES *(Action) (Enclosure)*

3.0 MONTHLY FINANCIAL REPORT *(Action) (Enclosure)*

4.0 NEW BUSINESS

4.1 Audit & Finance Committee Report *(Information) (Enclosure)*

4.1.1 2013 Audited Financial Statements Approval *(Action) (Enclosure)*

4.1.2 2013 Audited Financial Statements-Brownfield Fund *(Info.) (Enclosure)*

4.1.3 2013 Investment Report Approval *(Action) (Enclosure)*

4.1.4 Investment and Deposit Policy Re-adoption *(Action) (Enclosure)*

4.1.5 2013 Public Authorities Annual Report Approval *(Action) (Enclosure)*

4.1.6 Audit and Tax Services Contract Renewal *(Action) (Enclosure)*

4.2 BUDC Loan Committee Recommendation – Elm/Michigan Holdings LLC (The Planing Mill) *(Action) (To Be Distributed Under Separate Cover)*

4.3 Buffalo Niagara Riverkeeper Presentation – Jill Jedlicka *(Information)*

4.4 Buffalo High-Tech Manufacturing Innovation Hub Update *(Information)*

4.5 RiverBend and Riverkeeper Shoreline Restoration Project Updates *(Information)*

4.6 South Buffalo Brownfield Opportunity Area Project Update *(Information)*

4.7 Buffalo Building Reuse Project Update *(Information)*

4.8 Buffalo Lakeside Commerce Park Project Update *(Information)*

4.9 Information Package *(Information)*

5.0 LATE FILES

6.0 TABLED ITEMS

7.0 EXECUTIVE SESSION

8.0 ADJOURNMENT

**Minutes of the Board of Directors Meeting
of
Buffalo Urban Development Corporation**

95 Perry Street
5th Floor Conference Room
Buffalo, New York 14203
February 25, 2014
12:00 p.m.

1.0 Call to Order

Directors Present:

Catherine M. Braniecki
James W. Comerford
Dennis W. Elsenbeck
Dottie Gallagher-Cohen
Thomas A. Kucharski
Woodrow W. Maggard
Brendan R. Mehaffy
Benjamin N. Obletz
Christina P. Orsi
Dennis M. Penman (Vice Chair)
Craig A. Slater
Richard M. Tobe

Directors Absent:

Thomas Beauford
Hon. Byron W. Brown (Chair)
Kimberley A. Minkel
Rev. Darius G. Pridgen
Steven J. Stepniak
Maria R. Whyte

Officers Present:

Peter M. Cammarata, President
David A. Stebbins, Vice President
Andrew Schoeppich, Treasurer
Kevin J. Zanner, Esq., Secretary
Theresa Carpenter, Assistant Treasurer

Others Present: Dawn Boudreau, ECIDA Compliance Officer; Jonathan Epstein, *The Buffalo News*; James Fink, *Buffalo Business First*; Rebecca Gandour, City of Buffalo Office of Strategic Planning; Daniel Leonard, Buffalo Niagara Partnership; Brandye Merriweather, BUDC Project Coordinator; and Steven Weathers, ECIDA CEO.

Roll Call: The roll of directors was called by the Secretary at 12:15 p.m. and a quorum was determined to be present.

2.0 Reading of the Minutes – The minutes of the January 28, 2014 meeting of the Board of Directors were presented. Upon motion made by Mr. Comerford, seconded by Ms. Gallagher-Cohen and unanimously carried, the minutes of the January 28, 2014 meeting of the Board of Directors were approved.

3.0 Monthly Financial Report – Mr. Schoeppich presented the monthly financial report for the period ending January 31, 2014. The cash balance at the end of the period was \$706,920 and the net position of BUDC at the end of the period was \$11,186,323. Year-to-date revenue was \$8,655 and year-to-date expenses were \$64,005, resulting in a year-to-date net loss of

(\$55,350). Mr. Kucharski made a motion to accept the financial report. The motion was seconded by Mr. Maggard and unanimously carried.

4.0 New Business

- 4.1 Governance Committee Report** – Ms. Braniecki presented the February 25, 2014 report of the Governance Committee. Ms. Braniecki updated the Board regarding the activities of the Governance Committee, including the Committee's review of various policies and procedures. She also commented on the Board self-evaluation process, and noted that the Committee will work through a few items identified by Board members in the coming months. Ms. Braniecki also indicated that the Committee reviewed a number of items that will be brought to the Board at a later date, including Committee assignments, the filling of Board vacancies and changes to policies required by the Non-Profit Revitalization Act.
- 4.2 Re-Adoption of Policies, Codes and Guidelines** – Mr. Cammarata presented his February 25, 2014 memorandum to the Board regarding the re-adoption of various policies, codes and guidelines of the Corporation. The New York State Authorities Budget Office (ABO) requires public authorities to annually review certain policies and procedures. Mr. Cammarata noted that the Governance Committee reviewed the policies at its February 19, 2014 meeting and is recommending that the Board re-adopt them in their current form.
- 4.2.1 Governance Committee Charter** - Mr. Cammarata presented the Governance Committee Charter of the Corporation. No changes are being recommended to the Governance Committee Charter. Ms. Braniecki made a motion to approve and re-adopt the Governance Committee Charter in the form presented to the Board. The motion was seconded by Mr. Mehaffy and unanimously carried.
- 4.2.2 Code of Ethics** - Mr. Cammarata presented the Code of Ethics of the Corporation. He noted that no changes to the Code of Ethics were proposed by the Governance Committee. Ms. Braniecki made a motion to approve and re-adopt the Code of Ethics in the form presented to the Board. The motion was seconded by Mr. Mehaffy and unanimously carried.
- 4.2.3 Property Disposition Guidelines** - Mr. Cammarata presented the Property Disposition Guidelines of the Corporation. He noted that no changes to the Property Disposition Guidelines were proposed by the Governance Committee. Ms. Braniecki made a motion to approve and re-adopt the Property Disposition Guidelines in the form presented to the Board. The motion was seconded by Mr. Mehaffy and unanimously carried.
- 4.2.4 Whistleblower Policy** - Mr. Cammarata presented the Whistleblower Policy of the Corporation. No changes to the Whistleblower Policy were proposed by the Governance Committee. Ms. Braniecki made a motion to approve and re-adopt the Whistleblower Policy in the form presented to the Board. The motion was seconded by Mr. Mehaffy and unanimously carried.
- 4.2.5 Procurement Policy** - Mr. Cammarata presented the Procurement Policy of the Corporation. No changes to the Procurement Policy were proposed by the Governance Committee. Ms. Braniecki made a motion to approve and re-adopt the Procurement Policy in the form presented to the Board. The motion was seconded by Mr. Mehaffy and unanimously carried.

- 4.2.6 **Travel, Conferences, Meals and Entertainment Policy** – Mr. Cammarata presented the Travel, Conferences, Meals and Entertainment Policy of the Corporation. Ms. Braniecki made a motion to approve and re-adopt the Travel, Conferences, Meals and Entertainment Policy in the form presented to the Board. The motion was seconded by Mr. Mehaffy and unanimously carried.
- 4.3 **2013 Mission Statement and Performance Measurements Review** – Mr. Cammarata presented a report of BUDC's achievement of the Performance Measurements that were established by the BUDC Board of Directors for the 2013 calendar year. Mr. Cammarata noted that the results were reviewed in detail by the Governance Committee and are presented to the Board for informational purposes.
- 4.4 **Adoption of 2014 Mission Statement and Performance Measurements** – Mr. Cammarata presented his February 25, 2014 memorandum regarding the 2014 mission statement and performance measurements. He noted that the mission statement and performance measurements are subject to annual Board review and approval. The performance measurements before the Board incorporate modifications recommended by the Governance Committee to add quantifiable goals to the document. No changes are being proposed to the BUDC mission statement. Following some brief comments from Ms. Braniecki regarding the Governance Committee's review of the performance measurements, Mr. Eisenbeck made a motion to approve the 2014 mission statement and performance measurements in the form presented to the Board. The motion was seconded by Mr. Slater and unanimously carried.
- 4.5 **Buffalo High-Tech Manufacturing Innovation Hub Update** – Mr. Cammarata reported that BUDC is working with Fort Schuyler Management Corp. (FSMC) on the terms of the real estate purchase agreement. A conference call regarding the project is scheduled to take place this afternoon. He noted that FSMC recently announced the appointment of two designated developers for the project.
- 4.6 **South Buffalo Brownfield Opportunity Area Project Update** – Mr. Stebbins reported that BUDC is in the home stretch of its management of the Step 3 implementation of the South Buffalo Brownfield Opportunity Area. The recreational needs study is expected to be complete in three months. Final draft reports relating to the golf course feasibility study and overall Step 3 implementation are also in process.
- 4.7 **Buffalo Building Reuse Project Update** – Ms. Merriweather presented an update regarding Buffalo Building Reuse Project (BBRP) matters. She updated the Board on the focus group interviews conducted with Urban Strategies regarding infrastructure/public realm matters. She also reported on the meeting of the retail strategy working group. Ms. Merriweather then reported on the BBRP loan program, noting that the Grant Disbursement Agreement between the City of Buffalo and Empire State Development has been signed, as has the indemnification agreement between the City of Buffalo and BUDC. Staff continues to work on the Planing Mill loan. Ms. Merriweather completed her report with an update on the SHPO preservation-ready survey, which is nearing completion.
- 4.8 **RiverBend and Riverkeeper Shoreline Restoration Project Updates** – Mr. Cammarata reported that BUDC is finalizing an access agreement with Riverkeeper for the shoreline restoration project. The contract is expected to be in place within the next week to ten days. Mr. Cammarata also presented a brief update to the Board regarding the Alita/Hydro-Air transaction.
- 4.9 **Buffalo Lakeside Commerce Park Project Update** – Mr. Stebbins updated the Board regarding Buffalo Lakeside Commerce Park matters. He noted that BUDC is

working with a few prospects, but that interest is at the exploratory stage only. He reported that the Parcel 4 Superfund project is underway. He also informed the Board regarding the progress being made to close-out the contracts for the Parcel 3 Ship Canal Commons project.

- 4.10 Buffalo Brownfield Restoration Corp.** – Mr. Stebbins reported that the BBRC Board of Directors is scheduled to meet this afternoon to review the proposed sale of the Trico building to The Krog Corp. This project was announced by Mayor Brown at his State of the City Address last Friday. All BUDC Board members are welcome to attend the BBRC Board meeting.
- 4.11 Information Package** – Mr. Cammarata reviewed the informational, marketing and media materials that were included in the monthly information package provided to the Board.
- 5.0 Late Files** – None.
- 6.0 Tabled Items** – None.
- 7.0 Executive Session** – None.
- 8.0 Adjournment** – There being no further business to come before the Board, upon motion made by Mr. Slater, seconded by Mr. Tobe and unanimously carried, the Board of Directors meeting of February 25, 2014 was adjourned at 12:45 p.m.

Respectfully submitted,


Kevin J. Zanner, Secretary

Buffalo Urban Development Corp
Financial Statements
as of February 28, 2014

Buffalo Urban Development Corporation (BUDC)

Balance Sheet as of February 28, 2014

	Feb 2014	Jan 2014	Dec 2013
Assets			
Cash*	\$ 621,819	\$ 706,920	\$ 538,206
Buffalo Brownfields Redevelopment Fund **	1,601,003	1,538,641	1,495,946
Regionally Significant Project Fund ***	42,214	42,214	42,213
Loans Receivable	-	-	-
Accrued Interest Receivable	-	-	-
Prepaid/Deferred Expenses	45,415	49,680	2,760
Grant Receivable	442,201	329,552	707,094
Other Receivables	19,418	-	51,440
Due from BBRC	85,000	85,000	-
Computer Equipment, net	2,818	2,818	2,818
Capitalized Land Development Costs - BLCP	3,996,668	3,996,668	3,996,668
Capitalized Land Development Costs - RiverBend	5,399,018	5,399,018	5,399,018
	12,255,574	12,150,511	12,236,164
Liabilities and Net Assets			
Liabilities:			
Accounts Payable and Accrued Expenses	\$ 316,488	\$ 305,089	\$ 334,520
Due to ECIDA	10,500	47,633	42,383
Promissory Note Payable	257,381	257,381	257,381
Deferred Grant Income	455,192	354,084	360,207
Total Liabilities	1,039,561	964,188	994,491
Net Assets	11,216,013	11,186,323	11,241,673
	12,255,574	12,150,511	12,236,164

Monthly Investment Report:

- * Cash is invested in interest-bearing accounts at First Niagara Bank at a rate of 0.10% (0% for payroll a/c) The maximum FDIC insured amount is \$250,000, with the remainder collateralized (secured) with eligible securities by First Niagara Bank. Note: Rate was reduced effective May 2013 from 0.12%.
- ** The Buffalo Brownfields Redevelopment Fund is held by the ECIDA on behalf of BUDC for Eligible Project Costs at Buffalo Lakeside Commerce Park & Riverbend. The fund is invested in an interest-bearing account at First Niagara Bank at a rate of 0.15%. The maximum FDIC insured amount for this and the other ECIDA First Niagara accounts is \$250,000, with the remainder collateralized (secured) with eligible securities by First Niagara Bank. Note: Rate was reduced effective May 2013 from 0.17%.
- *** The Regionally Significant Project Fund is held by the ECIDA on behalf of BUDC for economic development and planning goals established by the BUDC Board. The fund is invested in an interest-bearing account at First Niagara Bank at a rate of 0.01%. The maximum FDIC insured amount for this and the other ECIDA First Niagara accounts is \$250,000, with the remainder collateralized (secured) with eligible securities by First Niagara Bank. Note: Rate was reduced effective April 2013 from 0.02%.

Buffalo Urban Development Corporation (BUDC)

Income Statement

Month Ending: February 2014

	Actual vs. Budget		
	Actual	Budget	Variance
REVENUE			
Grant Revenue	\$ 48,892	\$ 49,000	\$ (108)
Gross Proceeds from Land Sales	-	-	-
Less: Cost of Land Sales	-	-	-
Buffalo Brownfield Fund Revenue (net)	81,598	82,417	(819)
Regionally Significant Project Fund (net)	-	-	-
Designated Developer Fees	-	750	(750)
Interest Income & Fees - Loans	-	1,771	(1,771)
Investment Interest Income	241	238	4
Other Income	1,000	1,000	-
Total	131,732	135,175	(3,444)
OPERATING EXPENSES			
Property Operations & Maintenance	\$ 8,766	\$ 13,333	\$ (4,567)
Legal	9,839	6,667	3,172
Insurance	4,266	3,792	474
Marketing	-	1,125	(1,125)
Utilities	583	625	(42)
Misc.	-	461	(461)
Consultants	42,243	42,000	243
General Development Expenses	859	1,000	(141)
Personnel Costs	28,224	29,753	(1,529)
Interns	769	833	(64)
Rent	1,500	1,495	5
ECIDA Management Fee	3,750	3,750	-
Audit	-	0	-
Grant to BBRC	-	0	-
General & Administrative	1,244	1,667	(422)
Depreciation	-	-	-
Total	102,042	106,500	(4,459)
Net Income / (Loss)	\$ 29,690	\$ 28,675	\$ 1,015

Buffalo Urban Development Corporation (BUDC)

Income Statement

Year-to-Date Ending: February 2014

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Yr.	Variance
REVENUE						
Grant Revenue	\$ 55,014	\$ 55,122	\$ (108)	\$ 55,014	800	\$ 54,214
Gross Proceeds from Land Sales	-	-	-	-	-	-
Less: Cost of Land Sales	-	-	-	-	-	-
Buffalo Brownfield Fund Revenue (net)	81,598	82,417	(819)	81,598	93,791	(12,193)
Regionally Significant Project Fund (net)	-	-	-	-	-	-
Designated Developer Fees	-	1,500	(1,500)	-	-	-
Interest Income & Fees - Loans	-	3,542	(3,542)	-	172	(172)
Investment Interest Income	1,774	475	1,299	1,774	353	1,422
Other Income	2,000	2,000	-	2,000	2,000	-
Total	140,387	145,056	(4,669)	140,387	97,116	43,271
OPERATING EXPENSES						
Property Operations & Maintenance	\$ 18,224	\$ 26,667	\$ (8,442)	\$ 18,224	\$ 19,083	\$ (858)
Legal	16,339	13,333	3,006	16,339	8,794	7,545
Insurance	8,531	7,583	948	8,531	7,382	1,149
Marketing	-	2,250	(2,250)	-	-	-
Utilities	881	1,250	(369)	881	1,701	881
Misc.	-	922	(922)	-	-	-
Consultants	42,993	42,000	993	42,993	349	42,643
General Development Expenses	859	-	859	859	2,293	(1,434)
BLCF - Environmental Insurance	-	-	-	-	1,606	(1,606)
Personnel Costs	61,289	60,596	693	61,289	48,535	12,754
Interns	1,269	1,667	(398)	1,269	3,201	(1,932)
Rent	3,000	2,990	10	3,000	-	3,000
ECIDA Management Fee	7,500	7,500	-	7,500	6,883	617
Audit	-	-	-	-	11,400	(11,400)
Grant to BBRC	-	-	-	-	-	-
General & Administrative	5,162	3,333	1,828	5,162	2,975	2,187
Depreciation	-	-	-	-	-	-
Total	166,047	170,092	(4,045)	166,047	114,203	53,546
Net Income / (Loss)	\$ (25,660)	\$ (25,036)	\$ (624)	\$ (25,660)	\$ (17,086)	\$ (10,275)

Buffalo Urban Development Corporation

Income Statement - by Project Year-to-Date Ending: February 2014

	RiverBend	BLCP*	BBRP**	South Buffalo BOA***	Corporate Operations	Total
REVENUE						
Grant Revenue						
ESDC/City of Buffalo - City by City						\$ -
NYS Dept. of State				38,646		38,646
Niagara River Greenway Commission						-
ECIDA/Other			16,369			16,369
Buffalo Brownfield Fund Revenue (net)					81,598	81,598
Regionally Significant Project Fund (net)						-
Designated Developer Fees						-
Interest Income & Fees - Loans						-
Investment Interest Income					1,774	1,774
Other Income					2,000	2,000
Total	-	-	16,369	38,646	85,373	140,387
OPERATING EXPENSES						
Property Operations & Maintenance	\$ 16,074	\$ 2,150				\$ 18,224
Legal	5,278	848	2,070		8,144	16,339
Insurance	3,052	2,332			3,146	8,531
Marketing	-	-				-
Utilities	775	106				881
Misc.						-
Consultants	1,308	1,845	1,195	38,646		42,993
General Development Expenses			859			859
Personnel Costs			12,245		49,044	61,289
Interns					1,269	1,269
Rent					3,000	3,000
ECIDA Management Fee					7,500	7,500
Audit						-
Grant to BBRC						-
General & Administrative					5,162	5,162
Depreciation						-
Total	26,486	7,281	16,369	38,646	77,265	166,047
Net Income / (Loss)	\$ (26,486)	\$ (7,281)	\$ (0)	\$ -	\$ 8,107	\$ (25,660)

* Buffalo Lakeside Commerce Park

** Buffalo Building Reuse Project (Downtown Buffalo)

*** South Buffalo Brownfield Opportunity Area, also includes SHPO \$20,000 downtown study/grant

Buffalo Urban Development Corporation

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Item 4.1

MEMORANDUM

TO: Buffalo Urban Development Corporation Board of Directors
FROM: Dennis Penman, Audit & Finance Committee Chair
SUBJECT: Audit & Finance Committee Report
DATE: March 25, 2014

Attached to this memorandum are several documents to be considered at the Board of Directors meeting on March 25, 2014. Some of these documents must be submitted to the Authorities Budget Office (ABO) on or before March 31, 2014. Your review of these documents prior to the Board meeting is greatly appreciated.

Agenda Item 4.1.1 is the 2013 Audited Financial Statements. Lumsden & McCormick presented the 2013 Audited Financial Statements at the Committee meeting on March 14, 2014. The Audit & Finance Committee has reviewed and recommends that the Board approve the 2013 Audited Financial Statements.

Agenda Item 4.1.2 is the 2013 Audited Financial Statements for the Buffalo Brownfield Redevelopment Fund and is provided for your information only. This document will be formally approved by the ECIDA Board as the Fund Administrator.

Agenda Item 4.1.3 is the 2013 Investment Report, which provides a summary of BUDC's investment activity in the last year. The Audit & Finance Committee has reviewed and recommends that the Board approve the 2013 Investment Report.

Agenda Item 4.1.4 is the Investment and Deposit Policy, which is unchanged since its last presentation to the Board in March 2013. The Audit & Finance Committee has reviewed and recommends the re-adoption of this document.

Agenda Item 4.1.5 is the 2013 Public Authorities Annual Report. This is an extensive document that makes up the major portion of the ABO submittal at the end of this month. The Audit & Finance Committee and the Governance Committee have reviewed and recommends that the Board approve the 2013 Public Authorities Annual Report.

In addition, the Audit & Finance Committee has conducted the following activities that do not require full Board action:

- Audit & Finance Committee Self-Evaluation and Charter Review
- Audit & Finance Committee Training Document Review
- Annual Review of Legal Costs and ECIDA BBRP Grant Recap
- Annual Review of the ECIDA Salary Reimbursement Invoice

ACTION

I am requesting the following Board actions:

- Approval of the 2013 Audited Financial Statements
- Approval of the 2013 Investment Report
- Re-adoption of the Investment and Deposit Policy
- Approval of the 2013 Public Authorities Annual Report

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ITEM 4.1.1

BUFFALO URBAN DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
DECEMBER 31, 2013

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Buffalo Urban Development Corporation

We have audited the accompanying balance sheets of Buffalo Urban Development Corporation (BUDC), a business-type activity, as of December 31, 2013 and 2012 and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended. We have also audited BUDC's internal control over financial reporting as of December 31, 2013, based on *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management's Responsibility for the Financial Statements and Internal Control Over Financial Reporting

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of effective internal control over financial reporting relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to error or fraud. Management is also responsible for its assertion about the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control Over Financial Reporting*.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements and an opinion on BUDC's internal control over financial reporting based on our audits. We conducted our audits of the financial statements in accordance with 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 and our audit of internal control over financial reporting in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement and whether effective internal control over financial reporting was maintained in all material respects.

An audit of financial statements involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit of financial statements also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. An audit of internal control over financial reporting involves obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing other such procedures as we considered necessary in the circumstances.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Definitions and Inherent Limitations of Internal Control Over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BUDC as of December 31, 2013 and 2012, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Also in our opinion, BUDC maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on *Internal Control – Integrated Framework* issued by the COSO.

Other Matters

Management's Discussion and Analysis

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 10 be presented to supplement the financial statements. Such information, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the 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.

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Supplementary Information

The additional information on page 18 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. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the 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 February 24, 2014 on our consideration of BUDC'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 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 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 BUDC's internal control over financial reporting and compliance.

February 24, 2014

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Buffalo Urban Development Corporation's (BUDC) internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Management is responsible for establishing and maintaining effective internal control over financial reporting. Management assessed the effectiveness of BUDC's internal control over financial reporting as of December 31, 2013, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control – Integrated Framework*. Based on that assessment, management concluded that, as of December 31, 2013, BUDC's internal control over financial reporting is effective based on the criteria established in *Internal Control – Integrated Framework*.

Buffalo Urban Development Corporation
February 24, 2014

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BUFFALO URBAN DEVELOPMENT CORPORATION

Management's Discussion and Analysis

December 31, 2013
(UNAUDITED)

Buffalo Urban Development Corporation (BUDC) is a not-for-profit corporation whose mission is to support the urban economic development efforts of the region through acquisition, remediation and management of distressed properties, and to engage in related real estate development activities for the purpose of attracting and/or retaining new and existing businesses to the City of Buffalo, New York (the City) as part of the region. The mission of BUDC also includes supporting the revitalization of the City by serving as the lead management entity for Buffalo Building Reuse Project (BBRP) initiatives, working in collaboration with the Mayor's office of Strategic Planning, including the coordination of financial assistance for downtown adaptive re-use projects and public rights-of-way improvements.

For financial reporting purposes, BUDC is classified as a governmental entity that is required to comply with accounting standards issued by the Governmental Accounting Standards Board (GASB) because a majority of its governing body are officials of local governments or appointed by officials of local governments. Under GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, BUDC is required to present management's discussion and analysis (MD&A) to assist readers in understanding BUDC's financial performance.

In compliance with GASB Statement No. 34, we present the attached overview and analysis of the financial activities of BUDC for the years ended December 31, 2013 and 2012. We encourage readers to consider the information presented here in conjunction with BUDC's audited financial statements.

Basic Overview of the Financial Statements

Included in this Annual Report are the following financial statements:

- 1) Balance Sheets - The Balance Sheets show the reader what BUDC owns (assets and deferred outflows) and what BUDC owes (liabilities and deferred inflows). The difference between BUDC's assets, deferred outflows, liabilities and deferred inflows (net position) can be one way to measure BUDC's financial position. Over time, increases or decreases in BUDC's net position is one indicator of whether its financial health is improving or deteriorating.
- 2) Statements of Revenues, Expenses, and Changes in Net Position - This statement reports BUDC's operating and nonoperating revenues by major source along with operating expenses. The difference between total revenues and expenses can be one way to measure BUDC's operating results for the year.
- 3) Statements of Cash Flows - This statement reports BUDC's cash flows from operating, noncapital financing, capital and related financing, and investing activities.

Financial Highlights

- BUDC's net position decreased by 0.6% from \$11.31 million in 2012 to \$11.24 million in 2013.
- BUDC experienced a decrease in net position (net loss) of \$73,000 in 2013 compared to a net profit of \$168,000 in 2012.
- BUDC's total assets and liabilities decreased by \$799,000 and \$726,000 respectively as it paid liabilities and recognized grant revenue earned during 2013.

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Condensed Comparative Financial Statements:

1. Net Position:

The following table (Table 1) presents condensed comparative financial information and was derived from the audited balance sheets of BUDC.

Table 1
Net Position as of December 31, 2013 and 2012
(Amounts in thousands)

	<u>2013</u>	<u>2012</u>	<u>\$ Change</u>	<u>% Change</u>
Assets:				
Cash	\$ 580	\$ 955	\$ (375)	-39%
Receivables	707	1,258	(551)	-44%
Restricted cash	1,496	1,421	75	5%
Other assets	57	5	52	1040%
Land and improvements held for sale	9,396	9,396	-	0%
Total assets	<u>\$ 12,236</u>	<u>\$ 13,035</u>	<u>\$ (799)</u>	<u>-6%</u>
Liabilities:				
Current liabilities	\$ 737	\$ 1,463	\$ (726)	-50%
Long-term liabilities	257	257	-	0%
Total liabilities	<u>994</u>	<u>1,720</u>	<u>(726)</u>	<u>-42%</u>
Net position:				
Restricted	1,538	1,449	89	6%
Unrestricted	9,704	9,866	(162)	-2%
Total net position	<u>11,242</u>	<u>11,315</u>	<u>(73)</u>	<u>-1%</u>
Total liabilities and net position	<u>\$ 12,236</u>	<u>\$ 13,035</u>	<u>\$ (799)</u>	<u>-6%</u>

Receivables - Receivables include grant and other receivables owed as a result of BUDC's development projects. The \$551,000 decrease is primarily due to the collection of \$408,000 under the NYS Department of State (NYS DOS) grant for the South Buffalo Brownfield Opportunity Area (BOA) grant. This grant funded a number of projects in the South Buffalo area, including a new master development plan for the RiverBend Commerce Park (Riverbend). In addition, BUDC collected another \$77,000 in remaining Greenway Commission and NYS DOS grant funds related to the completion of the new public park at BUDC's Buffalo Lakeside Commerce Park (BLCP). Finally, two loans totaling \$66,000 were received in full during 2013.

Restricted cash - Restricted cash relates primarily to the Buffalo Brownfields Redevelopment Fund (the Fund) held by the Erie County Industrial Development Agency (ECIDA) on behalf of BUDC. The Fund increased by a net \$75,000 as a result of \$461,000 in net tax receipts plus \$2,000 in interest less \$388,000 in expenditures for eligible BLCP and RiverBend development costs.

Other assets - Other assets include prepaid insurance and other amounts. The increase of \$52,000 primarily relates to a \$50,000 receivable for net taxes owed to the Buffalo Brownfields Redevelopment Fund.

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Current liabilities - The \$726,000 or 50% decrease in current liabilities was primarily due to \$684,000 of previously unearned grant revenue being recognized in income in 2013 principally due to various project expenditures related to the South Buffalo BOA grant.

Long-term liabilities - Long-term liabilities consists of a note payable to the former owner of certain BLCF property. As portions of this land are sold by BUDC, the note payable balance is reduced. Since BUDC did not sell any of this land in 2013, there was no reduction in the note payable balance.

2. Change in Net Position:

The following table (Table 2) presents condensed comparative financial information and was derived from BUDC's audited statements of revenues, expenses, and changes in net position.

Table 2
Change in Net Position for the Years ended December 31, 2013 and 2012
(Amounts in thousands)

	<u>2013</u>	<u>2012</u>	<u>\$ Change</u>	<u>% Change</u>
Revenue:				
Grants	\$ 765	\$ 382	\$ 383	100%
PILOT agreements	567	614	(47)	-8%
Other	51	259	(228)	-88%
Total revenue	<u>1,363</u>	<u>1,255</u>	<u>108</u>	<u>9%</u>
Expenses:				
Development costs	836	217	619	285%
Adjustment to net realizable value	126	389	(263)	-68%
Salaries and benefits	340	272	68	25%
Management fee - ECIDA	41	44	(3)	-7%
General and administrative	97	98	(1)	-1%
Interest	-	70	(70)	-100%
Total expenses	<u>1,440</u>	<u>1,090</u>	<u>350</u>	<u>32%</u>
Operating income (loss)	<u>(77)</u>	<u>165</u>	<u>(242)</u>	<u>-147%</u>
Interest income	<u>4</u>	<u>3</u>	<u>1</u>	<u>33%</u>
Change in net position	<u>\$ (73)</u>	<u>\$ 168</u>	<u>\$ (241)</u>	<u>-143%</u>

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3. Revenue and Expense Analysis:

Grants – Grant income includes income from the South Buffalo BOA projects and the new BLCF public park and road infrastructure. Grant income is recognized as the related grant expenses are incurred. In 2013, the majority of grant income, \$622,000, was derived from project management and implementation of the South Buffalo BOA. This included a study to determine the feasibility of developing a golf course on two nearby landfills to facilitate the relocation of the South Park Golf Course from the Frederick Law Olmsted-designed park. In 2012, grant income was lower due to minimal South Buffalo BOA grant expenditures and the conclusion of the BLCF public park and road infrastructure grants.

Other income – Other income decreased \$228,000 in 2013 as a result of a one-time recovery of \$229,000 in 2012 from a loan previously written-off.

Development costs – Development costs include those costs related to various BUDC projects, but excludes certain BLCF and Riverbend development costs that are reflected in “adjustment to net realizable value” as discussed below. The increase in development costs is attributable to the South Buffalo BOA development costs discussed in “Grant income” above as well as the costs associated with the BBRP initiative to re-energize the City of Buffalo’s downtown area.

Adjustment to net realizable value – The adjustment to net realizable value represents certain BLCF and Riverbend capitalized development costs. These costs are added to the book value of the land and improvements held for sale, however an offsetting adjustment is recorded to reduce the net book value to equal the estimated net realizable value of each property.

Salaries and benefits – Salaries and benefits increased by \$68,000 or 25% primarily due to the hiring of a Downtown Project Coordinator and Manager in 2013 to implement the BBRP project. This new position and other BBRP activities were funded with a \$100,000 annual grant from the Erie County Industrial Development Agency (ECIDA).

Management fee - ECIDA – ECIDA’s management fee represents costs charged for certain ECIDA staff that spend a portion of their time performing financial, compliance, administrative and property management services on behalf of BUDC.

Interest – Interest expense relates to interest on a short-term construction loan that BUDC utilized to fund the BLCF road improvements prior to receiving the ESDC grant funds. The loan was repaid in September 2012.

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4. Budget Analysis:

Each year, BUDC prepares an operating budget and three-year forecast. BUDC's 2013 budget was presented and approved by the Board of Directors on September 25, 2012. The following table (Table 3) presents an analysis of BUDC's performance compared to the approved 2013 budget.

Table 3
Budget to Actual Analysis for the year ended December 31, 2013
(Amounts in thousands)

	<u>Actual</u>	<u>Original Budget</u>	<u>Actual to Budget \$ Change</u>	<u>% Change</u>
Revenue:				
Grants	\$ 765	\$ 2,590	\$ (1,825)	-70%
Brownfield Fund revenue	567	562	5	1%
Other income	31	83	(52)	-63%
Total revenue	1,363	3,235	(1,872)	-58%
Expenses:				
Development projects	962	1,693	(731)	-43%
Salaries and benefits	340	368	(28)	-8%
Management fee - ECIDA	41	45	(4)	-9%
Loss on land sales	-	66	(66)	-100%
General and administrative	97	97	-	0%
Total expenses	1,440	2,269	(829)	-37%
Operating income (loss)	(77)	966	(1,043)	-108%
Interest income	4	4	-	0%
Change in net position	\$ (73)	\$ 970	\$ (1,043)	-108%

Note: The original 2013 budget was not amended; therefore, only one budget column is presented.

Budget to Actual Analysis:

Overall, BUDC's change in net position was below budget by \$1,043,000. This was primarily due to BUDC not receiving a \$1 million draw under a \$3 million grant from Empire State Development Corporation (ESDC) for the establishment of a BBRP loan fund. This grant draw is expected to occur in 2014.

Grant income was \$1.825 million below budget as a result of BUDC not recognizing income on the \$1 million ESDC grant discussed above, as well as a \$500,000 Riverbend shoreline restoration grant and two grants of \$125,000 each for a Strategic Downtown Infrastructure Plan. The latter two grants were also the primary reason Development Projects were under budget by \$731,000 or 43%.

In the 2013 budget, BUDC had anticipated selling 10 acres of property at BLCF for gross proceeds of \$500,000 with a net loss on land sales of \$66,000. However, no such land sales occurred in 2013.

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5. Economic Factors Impacting BUDC:

BUDC has limited sources of operating funds that can support its ongoing operating costs. As a result, BUDC is reliant upon future land sales occurring at its two business parks (BLCP and Riverbend) to support operations. In January 2014, a memorandum of understanding was signed by the Chairman of BUDC's Board of Directors to sell 88 acres of Riverbend property. It is anticipated that a purchase agreement for this land sale will be finalized in 2014.

6. Requests for Information:

This financial report is designed to provide a general overview of BUDC's finances. Questions concerning any of the financial information provided in this report should be addressed to the CFO of BUDC at (716) 856-6525. General information relating to BUDC can be found at its website www.ecidany.com/budc-home.

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BUFFALO URBAN DEVELOPMENT CORPORATION

Balance Sheets

December 31,	2013	2012
Assets		
Current assets:		
Cash	\$ 580,420	\$ 954,793
Receivables		
Current portion of loans (Note 2)		65,953
Grants (Note 3)	707,094	1,191,912
Restricted cash	1,495,946	1,420,767
Other current assets	57,018	5,733
	<u>2,840,478</u>	<u>3,639,158</u>
Land and improvements held for sale, net (Note 4)	9,395,685	9,395,685
	<u>\$ 12,236,163</u>	<u>\$ 13,034,843</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable and accrued expenses	\$ 376,903	\$ 439,925
Unearned grant revenue (Note 3)	360,206	1,022,776
	<u>737,109</u>	<u>1,462,701</u>
Note payable (Note 5)	257,381	257,381
	<u>994,490</u>	<u>1,720,082</u>
Net position:		
Restricted	1,538,441	1,448,462
Unrestricted	9,703,232	9,866,299
	<u>11,241,673</u>	<u>11,314,761</u>
	<u>\$ 12,236,163</u>	<u>\$ 13,034,843</u>

See accompanying notes.

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BUFFALO URBAN DEVELOPMENT CORPORATION

Statements of Revenues, Expenses, and Changes in Net Position

<u>For the years ended December 31,</u>	<u>2013</u>	<u>2012</u>
Operating revenues:		
Grants	\$ 765,069	\$ 381,867
PILOT agreements	566,684	613,955
Loan interest	5,959	11,002
Rental and other	25,292	248,200
Total operating revenues	<u>1,363,004</u>	<u>1,255,024</u>
Operating expenses:		
Development costs	836,102	216,678
Adjustment to net realizable value	125,967	389,466
Salaries and benefits	340,261	272,488
Management fee	41,405	44,149
General and administrative	96,799	97,687
Interest	-	69,637
Total operating expenses	<u>1,440,534</u>	<u>1,090,105</u>
Operating income (loss)	(77,530)	164,919
Nonoperating revenue:		
Interest income	4,442	2,978
Change in net position	(73,088)	167,897
Net position - beginning	<u>11,314,761</u>	<u>11,146,864</u>
Net position - ending	<u>\$ 11,241,673</u>	<u>\$ 11,314,761</u>

See accompanying notes.

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BUFFALO URBAN DEVELOPMENT CORPORATION

Statements of Cash Flows

For the years ended December 31,

	2013	2012
Operating activities:		
Cash from PILOT agreements	\$ 516,244	\$ 613,955
Cash from grants	587,317	4,367,018
Loans and loan interest collected	71,912	209,625
Other sources	25,292	248,200
Payments to employees, suppliers, and other	(1,410,551)	(639,203)
Net operating activities	(209,786)	4,799,595
Noncapital financing activities:		
Principal payments on note payable	-	(2,298,861)
Capital and related financing activities:		
Payments for land purchases and improvements on property held for sale	(93,850)	(1,285,759)
Investing activities:		
Interest	4,442	2,978
Change in restricted cash	(75,179)	(447,373)
Net investing activities	(70,737)	(444,395)
Net change in cash	(374,373)	770,580
Cash - beginning	954,793	184,213
Cash - ending	\$ 580,420	\$ 954,793
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income (loss)	\$ (77,530)	\$ 164,919
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Adjustment to net realizable value	125,967	389,466
Changes in other assets and liabilities:		
Grants and other receivables	484,818	4,347,851
Loans receivable	65,953	198,420
Other current assets	(51,285)	61,639
Accounts payable and accrued expenses	(95,139)	-
Unearned grant revenue	(662,570)	(362,700)
Net operating activities	\$ (209,786)	\$ 4,799,595

See accompanying notes.

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BUFFALO URBAN DEVELOPMENT CORPORATION

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Nature of Organization:

Buffalo Urban Development Corporation (BUDC), formerly Development Downtown, Inc., was incorporated in 1978 by the City of Buffalo, New York (the City) to facilitate partnership with the private sector in the development of the City, primarily through the administration of Federal Urban Development Action (UDAG) grants.

Funding was initially received from the City, however the City has not allocated direct funding to BUDC for several years and future allocations are not expected. Funding is received primarily from land sales, grant funding, and loan repayments.

In 2005, an agreement between BUDC, Erie County Industrial Development Agency (ECIDA), the City, and Erie County (the County) established the Buffalo Brownfields Redevelopment Fund (the Fund). This Fund dedicates certain payments received in lieu of real estate tax (PILOT) for future eligible project costs. The Fund is administered by ECIDA and reimburses BUDC for eligible project costs incurred. The activity of the Fund is included in these financial statements.

BUDC is the sole member of Riverbend LLC (Riverbend), which was formed in 2008 to purchase 185 acres of land along South Park Avenue in Buffalo, New York. Riverbend is also responsible for maintenance, the administration of site improvements, marketing, leasing, and eventual sale of the property.

In accordance with accounting standards, BUDC is not considered a component unit of another entity.

Basis of Presentation:

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Measurement Focus:

BUDC reports as a special-purpose government engaged in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. BUDC's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred.

BUDC's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those from PILOT payments, grants, or exchange transactions such as payments received for services and payments made to purchase those goods or services. Certain other transactions are reported as nonoperating activities and include BUDC's interest income.

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

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Cash:

Cash management policies are governed by New York State (the State) laws and as established in BUDC's written policies. Cash resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Management is authorized to use demand accounts and certificates of deposit. Permissible investments include 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 (FDIC). Obligations that may be pledged as collateral include 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 BUDC's deposits may not be returned to it. At December 31, 2013, BUDC's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging bank's agent in BUDC's name.

Loans Receivable:

Loans receivable are stated at the principal amount outstanding, net of an allowance for uncollectible loans. The allowance method is used to compute the provision for uncollectible loans.

Determination of the balance of the allowance for uncollectible loans is based on an analysis of the loan portfolio and reflects an amount that, in management's judgment, is adequate to provide for potential loan losses. Loans are charged off when, in management's judgment, no legal recourse is available to collect the amount owed.

Interest on loans receivable is accrued as required by the terms of the agreement; management considers that collection is probable based on the current economic condition of the borrower. Interest accrual stops when management adjusts a loan reserve to 50% or more of the loan's outstanding balance.

Net Position:

- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets whose use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws.
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the restricted component of net position and therefore are available for general use by BUDC.

Income Taxes:

BUDC is a 501(c)(4) organization exempt from income taxes under §501(a) of the Internal Revenue Code. Management believes BUDC is no longer subject to examination by Federal taxing authorities for years ended prior to December 31, 2010.

Reclassifications:

Certain reclassifications were made to the 2012 financial statements to conform to the 2013 presentation.

2. Loans Receivable:

At December 31, 2012 loans receivable amounted to \$65,953 which consisted of two commercial loans made to assist the private sector in City development or to facilitate land sales. Loan terms vary with interest rates ranging from 3% to 4%, and specify periodic principal repayments. Both loans were repaid during 2013.

Excluded from loans receivable is a note in the amount of \$536,000 in connection with certain development property. The loan is offset by a \$536,000 payable to the City for demolition costs of the original building located on the property. Terms of the loan require that if the façade of the original building is used in future development of the property, the loan will be forgiven. If the façade is not used, the loan is due in full and the proceeds will be used to reimburse the City for the original cost of the demolition. BUDC is not otherwise responsible for the repayment of this loan.

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3. Grants Receivable and Unearned Grant Revenue: Riverbend, LLC:

In 2011, BUDC was awarded two grants amounting to \$1,708,000 from the State Department of State (DOS) for reimbursement of administrative and construction costs incurred at Buffalo Lakeside Commerce Park (BLCP). Grants are recognized at the time awarded, with timing differences resulting from funds spent and earned. The following is a summary of grants receivable and unearned grant revenue:

	2013	2012
Grants receivable:		
DOS	\$ 684,594	\$ 1,136,312
Other	22,500	55,600
	<u>\$ 707,094</u>	<u>\$ 1,191,912</u>
Unearned grant revenue:		
DOS	\$ 334,502	\$ 963,030
Other	25,704	59,746
	<u>\$ 360,206</u>	<u>\$ 1,022,776</u>

4. Land and Improvements Held for Sale:

Buffalo Lakeside Commerce Park:

In 2002, on behalf of the City, BUDC agreed to undertake a multi-phase Brownfield reclamation and redevelopment project at the former Hanna Furnace site and land surrounding the Union Ship Canal, now known as BLCP. BUDC accepted 104 acres of tax-foreclosed property from the City, demolished derelict structures, and constructed approximately 5,000 linear feet of roads and infrastructure. Funding for this work was provided by the State, the City and the County.

With additional funding from the State, BUDC purchased 130 acres of land to add to BLCP and constructed additional roads and infrastructure.

In 2008, Riverbend acquired 185 acres of land from Steelfields Ltd for \$4,638,250. The City provided this funding through BERL with State funds and the agreement that BUDC would pay for all costs incurred to plan, improve, market, sell, and lease the property. In the event that income exceeded total costs, BUDC would split the net profit equally with BERL. In addition, BERL agreed to split equally the net profit of two properties it owns with BUDC. Riverbend has not generated a net profit since acquisition and, therefore, no amounts are due to BERL at December 31, 2013.

In January 2014, a memorandum of understanding was signed by the Chairman of BUDC's Board of Directors to sell 88 acres. The agreement could require BUDC to return a portion of the sale proceeds to the City. This transaction could reduce BUDC's net position by approximately \$700,000. At this time, the sale has not been approved by BUDC's Board of Directors and no loss has been recorded in these financial statements.

Land and improvements held for sale are recorded at net realizable value based on assessment of the fair value of each project, as follows:

	2013	2012
BLCP	\$ 8,971,873	\$ 8,866,781
Riverbend	5,424,140	5,403,265
	<u>14,396,013</u>	<u>14,270,046</u>
Less adjustment to net realizable value	5,000,328	4,874,361
	<u>\$ 9,395,685</u>	<u>\$ 9,395,685</u>

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5. Notes Payable:

In connection with the purchase of property related to BLCF, BUDC issued a non-interest bearing note payable in the amount equal to the greater of \$525,000 (\$13,125 per acre) or a percentage of the resale price of the developed property. At December 31, 2013 and 2012, the note payable amounted to \$257,381, which represents the remaining 19.61 acres of land at \$13,125 per acre.

6. Management Fee:

BUDC has an agreement with ECIDA to provide certain personnel to perform administrative and accounting functions on behalf of BUDC. Total expenses paid to ECIDA amounted to \$41,405 and \$44,149 for the years ended December 31, 2013 and 2012. Amounts owed to ECIDA under this agreement totaled \$42,383 and \$58,096 at December 31, 2013 and 2012.

7. Cash Flows Information:

Noncash capital and related financing activities excluded from the 2013 and 2012 statements of cash flows include land improvements purchased with trade payables of \$32,117 and \$439,925 at December 31, 2013 and 2012.

8. Contingencies:

BUDC is subject to claims and lawsuits that arise in the ordinary course of business. In the opinion of management, these claims will not have a material adverse effect upon the financial position of BUDC.

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BUFFALO URBAN DEVELOPMENT CORPORATION

Supplementary Information Schedules of Revenues and Expenditures of Riverbend LLC

For the years ended December 31,

2013

2012

Revenues:

\$ - \$ -

Expenditures:

Monitoring and maintenance

115,004 95,566

Insurance

16,135 15,327

Utilities

7,925 7,598

General and administrative

- 1,928

Professional fees

20,875 4,248

Total disbursements and excess expenditures

\$ 159,939 \$ 124,667

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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 Directors
Buffalo Urban Development Corporation

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 Buffalo Urban Development Corporation (BUDC), a business-type activity, which comprise the balance sheet as of December 31, 2013, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 24, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered BUDC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BUDC's internal control. Accordingly, we do not express an opinion on the effectiveness of BUDC'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether BUDC'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 determination of financial statement amounts. 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*.

DRAFT

Purpose of this Report

This 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 BUDC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BUDC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

February 24, 2014

DRAFT

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW

The Board of Directors
Buffalo Urban Development Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Buffalo Urban Development Corporation (BUDC), a business-type activity, which comprise the balance sheet as of December 31, 2013, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated February 24, 2014.

In connection with our audit, nothing came to our attention that caused us to believe that BUDC failed to comply with §2925(3)(f) of the New York State Public Authorities Law regarding investment guidelines during the year ended December 31, 2013. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding BUDC's noncompliance with the above rules and regulations.

The purpose of this report is solely to describe the scope and results of our testing. This communication is not suitable for any other purpose.

February 24, 2014

DRAFT

BUFFALO BROWNFIELDS REDEVELOPMENT FUND

**SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION**

DECEMBER 31, 2013

DRAFT

INDEPENDENT AUDITORS' REPORT

The Boards of Directors
Erie County Industrial Development Agency
Buffalo Urban Development Corporation

We have audited the accompanying schedule of revenues, expenses, and changes in net position of Buffalo Urban Development Corporation's (BUDC) Buffalo Brownfields Redevelopment Fund for the year ended December 31, 2013, and the related notes to the schedule.

Management's Responsibility for the Schedule

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

Auditors' Responsibility

Our responsibility is to express an opinion on the schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the schedule of revenues, expenses, and changes in net position referred to above presents fairly, in all material respects, the activities of BUDC's Buffalo Brownfields Redevelopment Fund for the year ended December 31, 2013, in accordance with accounting principles generally accepted in the United States of America.

DRAFT

Report on Audited Financial Statements

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of BUDC as of and for the year ended December 31, 2013, and our report thereon dated February 24, 2014 expressed an unmodified opinion on those financial statements.

February 24, 2014

DRAFT

BUFFALO BROWNFIELDS REDEVELOPMENT FUND

Schedule of Revenues, Expenses, and Changes in Net Position

For the year ended December 31, 2013

Operating revenues:	
City of Buffalo PILOTs by end user:	
Sonwil	\$ 304,882
CertainTeed	280,222
Cobey	168,133
Total City of Buffalo PILOTs	<u>753,237</u>
County of Erie PILOTs by end user:	
Sonwil	59,273
CertainTeed	54,479
Cobey	32,688
Total County of Erie PILOTs	<u>146,440</u>
Total operating revenues	<u>899,677</u>
Operating expenses:	
City of Buffalo share of PILOTs	301,295
County of Erie share of PILOTs	52,649
Eligible project costs	458,250
Total operating expenses	<u>812,194</u>
Operating income	87,483
Interest revenue	<u>2,496</u>
Change in net position	89,979
Net position - beginning as restated (Note 2)	<u>1,448,462</u>
Net position - ending	<u>\$ 1,538,441</u>

See accompanying notes.

DRAFT

BUFFALO BROWNFIELDS REDEVELOPMENT FUND

Notes to the Schedule

1. Summary of Significant Accounting Policies:

Nature of Activities:

The Buffalo Brownfields Redevelopment Fund (the Fund) was formed in July 2005 by agreement between Erie County Industrial Development Agency (ECIDA), the City of Buffalo (the City), the County of Erie (the County) and Buffalo Urban Development Corporation (BUDC) for the purpose of remediation and redeveloping Brownfields properties in the City. Under this agreement, ECIDA receives payments in lieu of taxes (PILOTs) from property owners located within the Buffalo Lakeside Commerce Park (BLCP). A portion of these PILOT payments are paid to the City and County, while the remainder is held in the Fund to assist in further development of BLCP.

Basis of Presentation:

The schedules of revenues, expenses, and changes in net position (the schedule) present the activity of the Fund, which is accounted for and is part of BUDC's financial statements.

The schedules have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Estimates:

The preparation of the schedule in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the schedule and accompanying notes. Actual results could differ from those estimates.

2. Restatement:

Management determined that project costs reported in 2012 of \$274,219 offset by related reimbursements to BUDC of \$519,587 were improperly allocated to the Fund on the schedule. As a result, net position was overstated by \$245,368 and has been restated as follows:

Net position previously reported,	
January 1, 2013	\$ 1,693,830
Net adjustment	<u>(245,368)</u>
Net position as restated,	
January 1, 2013	<u>\$ 1,448,462</u>

Buffalo Urban Development Corporation
Investment Report
For the year ended December 31, 2013

Buffalo Urban Development Corporation 2013 Annual Investment Report

Purpose of Report:

Under Section 2925(6) of the Public Authorities Law, BUDC is required to annually prepare and approve an Investment Report. The Investment Report is to include: BUDC's Investment Guidelines (see below), the results of the annual independent audit (see below), a list of the total investment income received by the corporation and a list of the fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associated services to the corporation since the last investment report.

The attached schedule details the corporation's investment income and related fees for the year ended December 31, 2013 and was approved by the BUDC Board of Directors at their March 25, 2014 meeting.

Investment Guidelines:

In accordance with Section 2925 of the Public Authorities Law, BUDC is required to adopt Investment Guidelines which detail its operative policy and instructions to staff regarding the investing, monitoring and reporting of funds of the Agency. In addition, BUDC has elected to follow the deposit and investment restrictions contained in Sections 10 and 11 of the General Municipal Law as a "best practice".

BUDC's Investment Guidelines were approved by the BUDC Board of Directors at their March 25, 2014 meeting and are posted on the BUDC website at <http://www.buffalourbandevelopment.com/budc-corporate-policies>. The Investment Guidelines are consistent with the Guidelines adopted on March 26, 2013.

Investment Audit:

BUDC's auditors have audited the corporation's compliance with the Investment Guidelines for Public Authorities. In their report dated February 14, 2014 Lumsden & McCormick LLP have indicated that BUDC complied, in all material respects, with these Investment Guidelines.

Buffalo Urban Development Corporation (BUDC)
Buffalo Brownfield Restoration Corporation (BBRC)
 Annual Investment Report
 For the year ended December 31, 2013

Account Type	Financial Institution	G/L Balance		Interest Rate* Dec 2013	Investment Income	Fees	Restricted	Purpose
		1/1/2013	G/L Balance 12/31/2013					
1 Interest Checking	First Niagara Bank	\$ 905,132	\$ 538,122	0.10%	\$ 736	\$ -		General BUDC Checking account.
2 Interest Checking	First Niagara Bank	3,402	85	-	-	-		General BUDC Payroll account
3 Interest Checking	First Niagara Bank	4,792	3,237	-	-	-		General BBRC Checking/Savings account
4 Interest Checking	First Niagara Bank	1,420,767	1,485,946	0.15%	2,496	-	✓	Restricted account for City of Buffalo real estate development**
5 Interest Checking	First Niagara Bank	46,259	42,213	0.01%	5	-	✓	Restricted account for eligible Erie County Development Projects***
		<u>\$ 2,380,352</u>	<u>\$ 2,079,604</u>		<u>\$ 3,237</u>	<u>\$ -</u>		

Notes:
 In 2011, a joint BUDC/ECIDA Request for Proposal for banking services was completed. Based on the RFP's received, First Niagara was selected as the new financial institution for BUDC/ECIDA and their affiliated companies.

All accounts are FDIC guaranteed and secured by collateral posted by the depository or its agent for balances above the FDIC limit.

* The Interest Rate is the annualized rate for the month of December 2013 and is prior to the deduction of fees (if any).

** This account is known as the Buffalo Brownfields Redevelopment Fund and is held by the ECIDA on behalf of BUDC.

*** This account is known as the Regionally Significant Projects Fund and is held by the ECIDA on behalf of BUDC.

BUFFALO URBAN DEVELOPMENT CORPORATION
INVESTMENT AND DEPOSIT POLICY

ARTICLE I

Scope

Section 2925 of the New York Public Authorities Law requires the Buffalo Urban Development Corporation (the "Corporation") to adopt by resolution comprehensive investment guidelines which detail its operative policy and instructions to officers and staff regarding the investing, monitoring and reporting of funds of the Corporation.

This investment and deposit policy ("Investment Policy") is adopted by the Corporation pursuant to the foregoing provisions of the Public Authorities Law and shall apply to all moneys and other financial resources available for investment on the Corporation's own behalf or, when applicable, on behalf of any other entity or individual. The provisions of this Investment Policy are also consistent with the requirements of Sections 10 and 11 of the New York General Municipal Law, which the Corporation is not required to comply with, but has elected to follow as a "best practice."

This Investment Policy shall be applicable to all affiliates and subsidiaries of the Corporation, and to all other affiliates or subsidiary companies of the Corporation which may hereafter be established by the Corporation and which are determined to be subject to the requirements of Section 2925 of the Public Authorities Law (an "Affiliate"). Unless otherwise indicated, all references to the "Corporation" herein shall also include the each Affiliate.

ARTICLE II

Governing Principles

A. **Investment Objectives.**

The primary objectives of the Corporation's investment policy are, in order of priority, as follows: (i) to conform with all applicable federal, state and local laws and legal requirements; (ii) to adequately safeguard principal; (iii) to provide sufficient liquidity to meet all operating requirements of the Corporation; and (iv) to obtain a reasonable rate of return.

B. **Diversification.**

The policy of the Corporation is to diversify by investment instrument, by maturity, and where practicable by financial institution.

C. **Internal Controls.**

1. All funds received by an officer or employee of the Corporation shall be promptly deposited with the depositories designated by the Corporation (pursuant to Article III.A of this Investment Policy) for the receipt of such funds.

2. The Treasurer of the Corporation shall maintain or cause to be maintained a proper record of all books, notes, securities or other evidence of indebtedness held by the Corporation for investment and deposit purposes. Such record shall identify the security, the fund for which it is held, the place where kept, the date of sale or other disposition, and the amount received from such sale or other disposition.

3. The Corporation is responsible for establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

D. Authorized Financial Institutions and Dealers.

The Corporation shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate limits to the amount of investments that may be outstanding with each financial institution or dealer. All financial institutions with which the Corporation conducts business must be creditworthy as determined by criteria established by the Treasurer of the Corporation. All banks with which the Corporation does business shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the Corporation. Security dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers.

E. Purchase of Investments.

The Corporation may contract for the purchase of investments directly, including through a repurchase agreement, from an authorized trading partner. All purchased obligations, unless registered or inscribed in the name of the Corporation, shall be purchased through, delivered to, and held in the custody of a bank or trust company. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the Corporation by the bank or trust company shall be held pursuant to a written custodial agreement as described in Article IV.C.2 of this Policy.

F. Repurchase Agreements.

The Corporation may enter into repurchase agreements subject to the following restrictions:

1. All repurchase agreements must be entered into subject to a Master

Repurchase Agreement.

2. Trading partners are limited to commercial banks or trust companies authorized to do business in New York State and primary reporting dealers.
3. Obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America.
4. No substitution of securities will be allowed.
5. Obligations purchased pursuant to a repurchase agreement shall be held by a custodian other than the trading partner, pursuant to a written custodial agreement that complies the terms of Article IV.C.2 of this Policy.

ARTICLE III **Investments**

A. General Policy.

It is the general policy of the Corporation that funds not required for immediate expenditure shall be invested as described in Article III.B below. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.

B. Permitted Investments.

The Treasurer is authorized to invest funds not required for immediate expenditure in the following investments, which are permitted under Section 11 of the General Municipal Law:

1. Special time deposit accounts in, or certificates of deposit issued by any commercial bank or trust company that is located in and authorized to do business in New York State, provided that such deposit account or certificate of deposit is secured in the same manner as provided in Article IV.B of this Investment Policy and is payable within such time as the proceeds shall be needed to meet expenditures for which the funds were obtained;
2. Obligations of the United States of America;
3. Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America;
4. Obligations of the State of New York; and

5. Such other obligations as may be permitted under Section 11 of the General Municipal Law.

All investments as provided in Sections B(2) through B(5) of this Article shall be payable or redeemable at the option of the Corporation within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of the Corporation within two years of the date of purchase, and comply with such other requirements as set forth in Section 11 of the General Municipal Law.

ARTICLE IV **Deposits**

A. Designation of Depositories.

The Corporation shall, by resolution, designate one or more commercial banks or trust companies for the deposit of Corporation funds received by the Corporation. Such resolution shall specify the maximum amount that may be kept on deposit at any time with each bank or trust company. Such designations and amounts may be changed at any time by further resolution of the Corporation.

B. Collateralization of Deposits.

All deposits of the Corporation (including certificates of deposit and special time deposits) in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured as follows:

1. By a pledge of "eligible securities" with an aggregate "market value" as defined by Section 10 of the General Municipal Law, at least equal to the aggregate amount of deposits. A list of eligible securities is attached hereto as Schedule A.

2. By an irrevocable letter of credit issued by a qualified bank (other than the bank with which the money is being deposited or invested) in favor of the Corporation for a term not to exceed ninety (90) days with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest, if any. A qualified bank is one whose commercial paper and other unsecured short-term debt obligations are rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization or by a bank that is in compliance with applicable minimum risk-based capital requirements.

3. By an eligible surety bond payable to the Corporation for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims-paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations. The terms and conditions of any eligible surety bond shall be

subject to Board approval.

C. Safekeeping and Collateralization.

Eligible securities used for collateralizing deposits shall be held by the depository and/or third party bank or trust company subject to security and custodial agreements as described below.

1. Security Agreement Requirements. The security agreement shall provide that eligible securities are being pledged to secure Corporation deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events which will enable the Corporation to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the Corporation, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the depository or its custodial bank.

2. Custodial Agreement Requirements. The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for the Corporation, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The custodial agreement should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The custodial agreement shall provide for the frequency of revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the Corporation a perfected interest in the securities and may include such other terms as the Board deems necessary.

ARTICLE V

Monitoring and Reporting Obligations

The following monitoring and reporting procedures shall be applicable in connection with the deposit and investment of funds subject to this Investment Policy:

A. Monthly Monitoring.

Each cash and investment account statement will be reviewed and reconciled by staff on a monthly basis. The Treasurer will review each account reconciliation for accuracy and will investigate any unusual items noted.

B. Monitoring and Reporting.

Pursuant to Section 2925(5) of the Public Authorities Law, the Treasurer of the Corporation shall present a report at each meeting of the Board of Directors which will include the following information: (i) the cash and investment balances of the Corporation; (ii)

identification of any new investments since the last report; (iii) information concerning the selection of investment bankers, brokers, agents dealers or auditors since the last report; and (iv) the names of the financial institutions holding Corporation deposits.

C. Annual Monitoring and Reporting.

1. On an annual basis, the Corporation will obtain an independent audit of its financial statements, which shall include an audit of its cash and investments and the Corporation's compliance with this Investment Policy. The results of the independent audit shall be made available to the Board of Directors at the time of its annual review of this Investment Policy.

2. Pursuant to Section 2925(6) of the Public Authorities Law, staff shall, on an annual basis, prepare and submit for Board approval an investment report which shall include this Investment Policy, amendments to the Investment Policy since the last investment report, an explanation of the Investment Policy and any amendments, the results of the annual independent audit, the investment income record of the Corporation and a list of the total fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associated services to the Corporation since the last investment report. The investment report will be distributed to those individuals identified in Section 2925(7)(b) of the Public Authorities Law. The Corporation shall make available to the public copies of its investment report upon reasonable request therefor.

ARTICLE VI
Annual Review

This Investment Policy shall be reviewed and approved by the Board of Directors of the Corporation on an annual basis.

ARTICLE VII
Savings Clause

Nothing contained in Section 2925 of the Public Authorities Law shall be deemed to alter, affect the validity of, modify the terms of or impair any contract, agreement or investment of funds made or entered into by the Corporation in violation of, or without compliance with the provisions of Section 2925 of the Public Authorities Law.

SCHEDULE A
ELIGIBLE SECURITIES

Obligations issued by the United States of America, an Corporation thereof or a United States government sponsored corporation or obligations fully insured or guaranteed as to the payment of principal and interest by the United States of America, an Corporation thereof or a United States government sponsored corporation.

Obligations issued or fully guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank and the African Development Bank.

Obligations partially insured or guaranteed by any Corporation of the United States of America, at a proportion of the Market Value of the obligation that represents the amount of the insurance or guaranty.

Obligations issued or fully insured or guaranteed by the State of New York, obligations issued by a municipal corporation, school district or district corporation or such State or obligations of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public moneys.

Obligations issued by states (other than the State of New York) of the United States rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

Obligations of Puerto Rico rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

Obligations of counties, cities and other governmental entities of another state having the power to levy taxes that are backed by the full faith and credit of such governmental entity and rated in one of the three highest categories by at least one nationally recognized statistical rating organization.

Obligations of domestic corporations rated one of the two highest rating categories by at least one nationally recognized statistical rating organization.

Any mortgage related securities, as defined in the Securities Exchange Act of 1934, as amended, which may be purchased by banks under the limitations established by bank regulatory agencies.

Commercial paper and bankers' acceptances issued by a bank (other than the bank with which the money is being deposited or invested), rated in the highest short term category by at least one nationally recognized statistical rating organization and having maturities of not longer than sixty days from the date they are pledged.

Zero Coupon obligations of the United States government marketed as "Treasury STRIPS".

Adopted: 4/7/2009
Re-Adopted: 4/6/2010
Re-Adopted: 3/29/2011
Re-Adopted: 3/27/2012
Re-Adopted: 3/26/2013
Re-Adopted: 3/25/2014

**BUFFALO URBAN DEVELOPMENT
CORPORATION**

**BUFFALO BROWNFIELD RESTORATION CORP.
BBRC LAND COMPANY I
RIVERBEND LLC
BUFFALO LAKESIDE COMMERCE PARK I-III**

2013 ANNUAL REPORT
(For purposes of Section 2800(2) of the Public Authorities Law)

Purpose of the Annual Report:

As a local development corporation established by the City of Buffalo, the Buffalo Urban Development Corporation (BUDC) is required to comply with New York State's Public Authorities Law. Under this Law, BUDC is required to submit a comprehensive annual report that includes information on:

1. Operations and accomplishments
2. Financial Reports
3. Mission Statement & Performance Measurements
4. Bonds and notes outstanding
5. Compensation (for those earning \$100,000 +)
6. Projects undertaken during the year
7. Property Report
8. Code of Ethics
9. An assessment of internal control structure and effectiveness
10. Legislation that forms the statutory basis of the authority
11. Board structure
12. By-Laws
13. Listing of material changes in operations and programs
14. Four-year Financial Plan
15. Board Performance Evaluations
16. Assets/Services brought or sold without competitive bidding
17. Description of material pending litigation

In compliance with the Public Authorities Law, the following required information is presented for the fiscal year ended December 31, 2013.

1. Operations & Accomplishments:

A report on the 2013 operations and accomplishments of the BUDC and its affiliates is posted on BUDC's website at <http://www.ecidany.com/budc-corporate-reports>.

2. Financial Reports:

i) Audited Financial Statements:

The audited financial statements for the BUDC will be posted on its website at <http://www.ecidany.com/budc-corporate-reports>. The financial statement certification is included on page 8.

The financial statements are audited on an annual basis, by BUDC's external auditors Lumsden & McCormick, LLP. In their opinion, the financial statements present fairly, in all material respects, the financial position of BUDC as of December 31, 2013 and 2012, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principals generally accepted in the United States of America.

ii) Grants & Subsidy Programs:

BUDC and its affiliates are recipients of certain State and Local grant programs that are utilized for land development projects. Details of the various grants are outlined in BUDC's Audited Financial Statements.

iii) Operating & Financial Risks:

The following outline some of the operating and financial risks that impact BUDC:

- Liquidity – The majority of BUDC's assets consist of land held for sale which is not readily convertible to cash. Since BUDC relies upon land sales to fund operations, a reduction in the amount of cash derived from land sales could cause BUDC difficulty in funding operations.
- Recovery of Land held for sale –BUDC has capitalized a large proportion of its development costs as "Land and Improvements held for sale". In the event that BUDC has difficulty selling the underlying parcels due to local economic conditions, it may not be able to recover the amount recorded on the financial statements.
- Environmental – Since BUDC and its affiliates may assume title to properties with environmental contamination, it is exposed to the related potential clean-up costs, litigation and other liabilities.
- Regulations – BUDC is subject to various regulations including those imposed by the NYS Authority Budget Office. These regulations may increase the cost of compliance or impact the financial position of the Corporation.

BUDC mitigates a portion of the above risks by prudent financial management, external legal guidance and comprehensive insurance coverage.

iv) Current bond ratings:

BUDC does not issue bonds on its own behalf and therefore is not rated by municipal bond rating agencies.

v) Long-term liabilities including leases and employee benefit plans:

BUDC has long-term liabilities related to a promissory note outstanding as described in Section 4.

3. Mission Statement & Performance Measurements:

BUDC's Mission Statement & Performance Measurements Report for 2014 is included in Attachment 1. This document was reviewed and approved by the Board at the February 25, 2014 Board meeting.

4. Schedule of Bonds and Notes Outstanding:

In 2006, the Corporation issued \$675,000 in promissory notes in connection with the expansion of its Buffalo Lakeside Commerce Park remediation and redevelopment. During 2007, \$150,000 of these notes were repaid while in 2008 an additional \$267,619

of these notes were repaid, leaving a balance of \$257,381 outstanding at December 31, 2013.

5. Compensation Schedule:

The following BUDC employees had a salary exceeding \$100,000 during 2013:

Name	Peter Cammarata	David Stebbins
Title	President	Vice President
Salary	\$110,132	\$106,360
Performance Compensation	9,348	9,040
Payroll Taxes*	14,107	24,609
Benefits	\$133,587	\$140,009
Total	President	Vice President

* Represents Employer's Share of FICA taxes (Social Security & Medicare) & NYS Unemployment Insurance taxes

Attachment 2 is a summary of benefits provided to the above individuals as per the New York State Public Authorities Reporting Information System (PARIS). A biography for these individuals is posted on the BUDC website at: <http://www.ecidany.com/about-budc-staff>.

None of the directors of the Buffalo Urban Development Corporation or its affiliates receive any compensation for their services as directors. None of the officers of the Buffalo Urban Development Corporation or its affiliates receive any compensation for their services as officers beyond their compensation as employees.

6. Projects Undertaken by the Corporation during fiscal year 2013:

See above Operations and Accomplishments report posted at <http://www.ecidany.com/budc-corporate-reports> for a listing of various initiatives accomplished in 2013. Buffalo Urban Development Corporation does not provide project financing; therefore no such project details are included in this section.

7. Listing of certain Property of the Corporation:

Attachment 3 provides information regarding the real property holdings of BUDC and its affiliates.

8. Code of Ethics:

The Corporation's Code of Ethics is posted on BUDC's website at <http://www.ecidany.com/budc-corporate-policies>.

9. Assessment of the Effectiveness of Internal Control Structure and Procedures:

BUDC's external auditors have conducted an audit of the internal control over financial reporting and their report is included in the audited financial statements posted on BUDC's website at <http://www.ecidany.com/budc-corporate-reports>.

10. Legislation that forms the Statutory Basis of the Authority:

BUDC

BUDC is a local development corporation which was formed and empowered to conduct certain projects pursuant to Not-For-Profit Corporation Law § 1411. Distinguished from IDAs (which exist as public benefit corporations), LDCs are established as charitable corporations that are empowered to construct, acquire, rehabilitate and improve for use by others, industrial or manufacturing plants in the territory in which its operations are principally to be conducted ("Benefited Territory") and to make loans. LDCs can provide financial assistance for the construction, acquisition, rehabilitation, improvement, and maintenance of facilities for others in its Benefited Territory. Specific LDC powers include the ability to: (i) disseminate information and furnish advice, technical assistance and liaison services to Federal, State and local authorities; (ii) to acquire by purchase, lease, gift, bequest, devise or otherwise, real or personal property; and (iii) to borrow money and to issue negotiable bonds, notes and other obligations. LDCs are empowered to sell, lease, mortgage or otherwise dispose of or encumber facilities or any real or personal property or any interest therein.

A copy of this specific legislation can be found at the following address:

[http://public.leginfo.state.ny.us/LAWSSEAF.cgi?QUERYTYPE=LAWS+&QUERYDATA=\\$\\$NPC1411\\$\\$@TXNPC01411+&LIST=LAW+&BROWSER=EXPLORER+&TOKEN=35134270+&TARGET=VIEW](http://public.leginfo.state.ny.us/LAWSSEAF.cgi?QUERYTYPE=LAWS+&QUERYDATA=$$NPC1411$$@TXNPC01411+&LIST=LAW+&BROWSER=EXPLORER+&TOKEN=35134270+&TARGET=VIEW)

Buffalo Brownfields Redevelopment Corporation (BBRC)

BBRC is a corporation as defined in subparagraph (a)(5) of Section 102 of the Not-for-Profit Corporation Law of the State of New York and is a Type B corporation as defined in Section 201 of the Not-for-Profit Corporation Law. A copy of this legislation can be found at the following address:

<http://public.leginfo.state.ny.us/LAWSSEAF.cgi?QUERYTYPE=LAWS+&QUERYDATA=@LLNPC+&LIST=LAW+&BROWSER=EXPLORER+&TOKEN=35134270+&TARGET=VIEW>.

11. Description of the Authority and its Board Structure:

i) Names of Committees and Committee Members:

Buffalo Urban Development Corporation operates a Real Estate Committee, Audit & Finance Committee, Governance Committee, and Downtown Committee. A description of the committees and a listing of committee members is posted on the BUDC website at <http://www.ecidany.com/budc-board-committees>. The Buffalo Urban Development

Corporation also established a Loan Committee in June of 2013. BUDC will begin operating a Loan Fund in early 2014.

ii) Lists of Board Meetings & Attendance:

A list of the 2013 Board meetings and Board attendance is outlined on Attachment 4.

iii) Description of major authority units, subsidiaries:

BUDC's Corporate Chart is included in Attachment 5.

iv) Number of Employees:

BUDC had three full-time employees in 2013. It also utilized employees of the Erie County Industrial Development Agency (ECIDA) to provide financial, administrative, and property management services on a fee basis. BUDC also retained interns to work on special projects.

v) Organizational Chart:

BUDC's organizational chart is posted on BUDC's website at:
http://www.ecidany.com/documents/budc/BUDC_Org_Chart_2014.pdf.

12. Bylaws:

The Bylaws for BUDC are posted on its website at <http://www.ecidany.com/about-budc>.

13. Listing of Material Changes in Operations and Programs:

Subsequent to 2013, BUDC signed a Memorandum of Understanding with the State of New York to sell approximately 88 acres of property in order to establish the Buffalo High-Tech Manufacturing Innovation Hub at RiverBend. This project will result in the attraction of two west-coast companies, Soraa and Silevo, to Buffalo and contribute to \$1.5 billion in initial private-sector investment.

14. Four-Year Financial Plan:

A copy of the four-year financial plan is posted on BUDC's website at <http://www.ecidany.com/budc-corporate-reports>

15. Board Performance Evaluations:

The BUDC Board of Directors conducted a Board Performance Evaluation for 2013 and forwarded the results to the Authority Budget Office. The results of the survey are not subject to disclosure under Article six of the Public Officers Law.

16. Assets/Services bought or sold without competitive bidding:

Attachment 6 is a Procurement Report that will be filed under the PARIS system. The report outlines the assets and services purchased through competitive and non-competitive bidding for those procurements in excess of \$5,000.

17. Description of material pending litigation:

The audited financial statements for BUDC outline any material pending litigation. The audited financial statements are posted on BUDC's website at <http://www.ecidany.com/budc-corporate-reports>

Certification Pursuant to Section 2800(3) of the Public Authorities Law

Pursuant to Section 2800 (3) of the Public Authorities Law, each of the undersigned officers of Buffalo Urban Development Corporation, does hereby certify with respect to the annual financial report of the Corporation (the "Annual Financial Report") posted on BUDC's website at <http://www.ecidany.com/budc-corporate-reports> that based on the officer's knowledge:

1. The information provided in the Annual Financial Report is accurate, correct and does not contain any untrue statement of material fact;
2. Does not omit any material fact which, if omitted, would cause the financial statements contained in the Annual Financial Report to be misleading in light of the circumstances under which such statements are made; and
3. Fairly presents in all material respects the financial condition and results of operations of the Corporation as of, and for, the periods presented in such financial statements.

Peter Cammarata
President

Date

Andrew Schoepich
Chief Financial Officer

Date

Buffalo Urban Development Corporation (BUDC)

2014 Mission Statement and Performance Measurements

Date Approved: 2/25/2014

BUDC Mission Statement:

The mission of Buffalo Urban Development Corporation (BUDC) is to support the urban economic development efforts of the region through acquisition, remediation and management of distressed properties, and to engage in related real estate development activities for the purpose of attracting and/or retaining new and existing businesses to the City as part of the region. The mission of BUDC also includes supporting the revitalization of downtown Buffalo by serving as the lead management entity for Buffalo Building Reuse Project (BBRP) initiatives, working in collaboration with the City of Buffalo; including the coordination of financial assistance for downtown adaptive re-use projects and public right-of-way improvements.

BUDC Performance Measurements:

Goal: To reclaim fallow and distressed land for future development.

Objective A: Identify prospective areas for reclamation and engage in appropriate planning processes for future development.

Measurement: Number of acres included in specific land development plans.

Objective B: Prepare land for development through remediation and infrastructure construction.

Measurement: Number of acres remediated to shovel-ready condition.

Measurement: Number of linear feet of road and utility infrastructure constructed or improved.

Objective C: Facilitate the transfer of land and assist in the development of the Buffalo High-Tech Manufacturing Hub at RiverBend.

Measurement: Complete real estate transaction and begin the construction of the Silevo and Soraa projects, and the related infrastructure improvements.

Goal: To attract and/or retain new and existing businesses to the City and region.

Objective A: Market properties as an urban alternative for new construction of light manufacturing, distribution and office facilities.

Measurement: Assist in a minimum of six (6) prospects interested in purchasing land.

Measurement: A minimum of six (6) “earned” media appearances and five hundred (500) website page and social media views.

Measurement: Construct infrastructure amenities to enhance the marketability of the properties.

Objective B: Support the economic development efforts of the City of Buffalo Office of Strategic Planning (OSP) with the task of expanding or relocating businesses in the City.

Measurement: Assist in identifying parcels of land in or added to marketable inventory.

Measurement: Number of businesses contacted, as directed by OSP.

Goal: To effectively manage property, development projects and initiatives.

Objective A: Engage in all aspects of productive property management including marketing, leasing, maintenance, etc.

Measurement: Keep property related costs within budget.

Objective B: Support development projects by working with regional utility companies to include their grant programs in local initiatives. Package other economic development incentives to enhance the marketability of properties.

Measurement: A minimum of four (4) projects assisted.

Measurement: A minimum of \$200,000 of utility grants obtained for local projects.

Goal: To support the revitalization of downtown Buffalo.

Objective A: Serve as lead management entity for BBRP initiatives.

Measurement: A minimum of ten (10) companies contacted.

Objective B: Coordinate financial assistance for adaptive re-use projects.

Measurement: A minimum of two (2) projects assisted.

Objective C: Establish and manage lending program as an incentive for adaptive re-use projects.

Measurement: A minimum one (1) loan approved and closed.

Objective D: Coordinate assistance for public right-of-way improvements.

Measurement: A minimum of two (2) city blocks improved.

Additional Questions:

- 1. Have the board members acknowledged that they have read and understood the mission of BUDC?**

The Board discussed and approved the BUDC's mission statement at the February 25, 2014 Board meeting.

- 2. Who has the power to appoint the management of BUDC?**

The Board of Directors appoints the management of BUDC to the positions of President, Vice-President, Treasurer, Assistant Treasurer and Secretary.

- 3. If the Board appoints management, do you have a policy you follow when appointing the management of BUDC?**

The Board follows the BUDC By-Laws when appointing management.

- 4. Briefly describe the role of the Board and the role of management in the implementation of the mission.**

Management works closely with the Chair, Vice-Chair and Committee Chairs in formulating an on-going work plan for management to carry out the strategic goals related to the mission of the organization. Board members review and approve individual projects, initiatives and transactions to ensure that they are consistent with BUDC's mission. Board members also review and approve the annual budget to ensure resources are allocated appropriately to meet the BUDC's mission.

- 5. Has the Board acknowledged that they have read and understood the responses to each of these questions?**

Yes, these questions and responses were discussed and approved by the Board at the February 25, 2014 Board meeting.

Annual Report for Buffalo Urban Development Corporation
 Fiscal Year Ending: 12/31/2013
 Run Date: 02/14/2014
 Status: UNREMITTED

Benefit Information

During the fiscal year, did the Authority continue to pay for any of the above mentioned benefits for

Board Members

Name	Title	Severance Package	Payment for Unused Leave	Club Memberships	Use of Corporate Credit Cards	Personal Loans	Auto	Exchange Station	Housing Allowance	Spousal / Dependent Life Insurance	Tuition Assistance	Multi-Year Employment	None of These Benefits	Other
Gallagher-Cohan, Dottie	Board of Directors												X	
Brown, Byron W	Board of Directors												X	
Kimberly, Brantle	Board of Directors												X	
Brantle, Catherine M	Board of Directors												X	
Mohr, Brendan	Board of Directors												X	
Wisebeck, Dennis W	Board of Directors												X	
Ruchardt, Thomas	Board of Directors												X	
Wagner, Woody	Board of Directors												X	
Comarford, James	Board of Directors												X	
Chiles, Benjamin M	Board of Directors												X	
Orsi, Christina	Board of Directors												X	
Fennell, Dennis	Board of Directors												X	
Rudick, Andrew	Board of Directors												X	
Slater, Craig	Board of Directors												X	
Beauford, Thomas	Board of Directors												X	
Fontana, Richard	Board of Directors												X	
Stephank, Steven	Board of Directors												X	



**Annual Report for Buffalo Urban Development Corporation
 Fiscal Year Ending: 12/31/2013**

Run Date: 02/14/2014
 Status: UNREMITTED

Name	Title	Severance Package	Payment for Unused Leave	Club Memberships	Use of Corporate Credit Cards	Personal Loans	Auto Transportation	Housing Allowance	Spousal / Dependent Life Insurance	Tuition Assistance	Multi-Year Employment	None of These Benefits	Other
Robe, Richard	Board of Directors											X	
Myers, Maria	Board of Directors											X	

Staff

Name	Title	Severance Package	Payment for Unused Leave	Club Memberships	Use of Corporate Credit Cards	Personal Loans	Auto Transportation	Housing Allowance	Spousal / Dependent Life Insurance	Tuition Assistance	Multi-Year Employment	None of These Benefits	Other
Cammarata, Peter	President											X	
Stabbins, David	Vice President											X	

Buffalo Urban Development Corporation
Property Report
Year Ended: December 31, 2013

Table 1. The following is a listing of all real property owned by BUDC at December 31, 2013

BUDC Facility	Address or SBL of Property	Full Description of Property	Estimated FMV of Property	
Buffalo Lakeside Commerce Park 114.64 Acres	180 Ship Canal Parkway, Buffalo, New York	2.01 acres of vacant land being marketed	\$ 100,500	
	134 Ship Canal Parkway, Buffalo, New York	2.15 acres of vacant land being marketed	\$ 107,500	
	168 Ship Canal Parkway, Buffalo, New York	2.15 acres of vacant land being marketed	\$ 107,500	
	193 Ship Canal Parkway, Buffalo, New York	9.59 acres of vacant land being marketed	\$ 431,550	
	200 Ship Canal Parkway, Buffalo, New York	5.86 acres of vacant land being marketed	\$ 293,000	
	255 Ship Canal Parkway, Buffalo, New York	20.36 acres of vacant land being marketed	\$ 610,800	
	132.20-2-1.211	5.00 acres of vacant land being marketed	\$ 250,000	
	132.19-3-3	5.00 acres of vacant land being marketed	\$ 250,000	
	132.19-3-2	5.00 acres of vacant land being marketed	\$ 250,000	
	132.19-3-1	5.00 acres of vacant land being marketed	\$ 250,000	
	132.20-2-1	1.00 acre of vacant land being marketed	\$ 50,000	
	132.15-3-3	18.28 acres of vacant land being marketed	\$ 548,400	
	132.15-2-4	17.00 acres of vacant land being marketed	\$ 510,000	
	132.15-2-1	10.84 acres of vacant land being marketed	\$ 325,200	
	132.15-2-2	5.40 acres of vacant land being marketed	\$ 243,000	
	RiverBend Commerce Park 184.78 Acres	1322 South Park Ave., Buffalo, New York	.06 acre of vacant land	\$ 2,100
		1339 South Park Ave., Buffalo, New York	80.28 acres of vacant land	\$ 2,809,800
		1341 South Park Ave., Buffalo, New York	7.97 acres of vacant land	\$ 278,950
		312 Abby St., Buffalo, New York	3.25 acres of vacant land	\$ 113,750
		364 Baraga St., Buffalo, New York	4.21 acres of vacant land	\$ 147,350
321 Baraga St., Buffalo, New York		1.96 acres of vacant land (undevelopable)	\$ -	
310 Abby St. (Parcel A), Buffalo, New York		14.00 acres of vacant land (undevelopable)	\$ -	
310 Abby St. (Parcel B), Buffalo, New York		30.95 acres of vacant land	\$ 1,083,250	
308 Abby St., Buffalo, New York		40.76 acres of vacant land	\$ 1,222,800	
0 Tiff, Buffalo, New York		1.34 acres of vacant land	\$ 40,200	
Other	791 Washington St., Buffalo, New York	2.17 acres with vacant building, being held on behalf of a developer pursuant to a contract.	\$ -	

Table 2. The following is a listing of personal property (with a fair market value ("FMV") in excess of \$5,000) and all real property that was disposed of during 2013.

Address and Location of Property	Full Description of Property	Estimated FMV of Property	Name & Address of Purchaser	Date of Sale	Price Received by BUDC
None					

Table 3. The following is a listing of all real property that was acquired during 2013.

Address and Location of Property	Full Description of Property	Estimated FMV of Property	Name & Address of Seller	Date of Purchase	Price Paid by BUDC
None					

2013 BUDC Board Meeting Attendance List

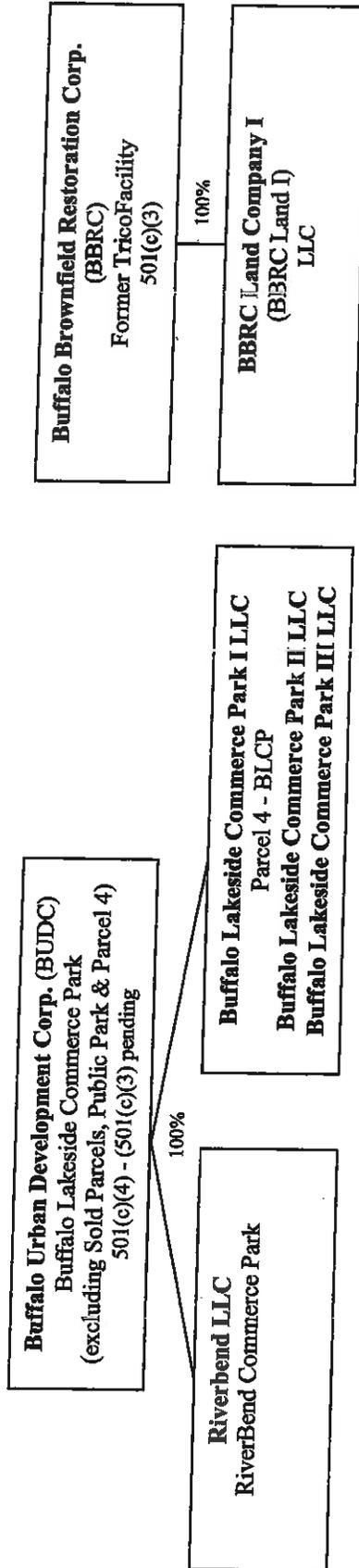
X = Attended

Member	Jan 1/29/13	Feb 2/26/13	Mar 3/26/13	Apr 4/30/13	May 5/28/13	Jun 6/25/13	Jul 7/30/13	Aug 8/27/13	Sep 9/24/13	Oct 10/29/13	Nov 11/26/13	Dec 12/17/13	Notes
Thomas Beauford	X	X	X	X			X	X				X	
Catherine Branjecki	X		X	X		X	X	X	X		X	X	
Hon. Byron Brown	X		X			X					X	X	
Dottei Gallagher-Cohen						X							
James Comerford	X	X	X	X	X	X	X	X	X	X	X	X	Term began 6/25/13
Dennis Eisenbeck		X		X	X		X	X	X	X	X	X	
Richard Fontana	X	X		X	X	X		X	X	X	X		
Thomas Kucharski			X	X		X		X		X	X	X	
Woody Maggard	X	X	X		X	X	X	X	X	X	X		
Brendan Mehaffy		X	X	X	X	X	X	X	X	X			
Kimberley Minkel	X	X	X	X	X	X	X	X	X	X	X		
Benjamin Obletz		X	X	X	X	X	X	X		X	X	X	
Christina Orsi		X				X	X		X	X	X		
Dennis Penman		X			X	X		X	X	X	X	X	
Dr. Andrew Rudnick		X	X			X			X		X	X	
Craig Slater	X	X		X		X		X	X				Term ended 5/20/13
Steven Stepniak			X	X	X		X					X	
Richard Tobe	X	X	X	X			X	X				X	
Maria Whyte	X	X			X	X	X		X		X	X	

Buffalo Urban Development Corporation Corporate Chart As of December 31, 2013

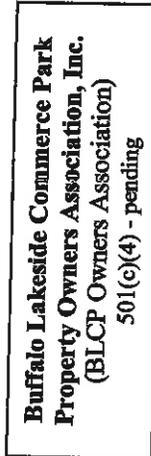
BUDC Group

Relationship: BUDC's Real Estate Committee is the Board of BBRC.



BLCP Property Owners Association:

Relationship: BUDC is a significant member of the Association due to its ownership of BLCP property. Three BUDC Officers are initial Directors of the Association.



Run Date: 02/19/2014

Status: UNSUBMITTED

Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2013

Procurement-Information:

Question	Response	URL (if applicable)
1. Does the Authority have procurement guidelines?		
2. Are the procurement guidelines reviewed annually, amended if needed, and approved by the Board?		
3. Does the Authority allow for exceptions to the procurement guidelines?		
4. Does the Authority assign credit cards to employees for travel and/or business purchases?		
5. Does the Authority require prospective bidders to sign a non-collusion agreement?		
6. Does the Authority incorporate a summary of its procurement policies and prohibitions in its solicitation of proposals, bid documents or specifications for procurement contracts?		
7. Did the Authority designate a person or persons to serve as the authorized contact on a specific procurement, in accordance with Section 139-j(2)(a) of the State Finance Law, "The Procurement Lobbying Act"?		
8. Did the Authority determine that a vendor had impermissible contact during a procurement or attempted to influence the procurement during the reporting period, in accordance with Section 139-j(10) of the State Finance Law?		
8a If Yes, was a record made of this impermissible contact?		
9. Does the Authority have a process to review and investigate allegations of impermissible contact during a procurement, and to impose sanctions in instances where violations have occurred, in accordance with Section 139-j(9) of the State Finance Law?		

No data has been entered for this section in PFRIS

Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2013

Run Date: 02/19/2014

Procurement Transactions Listing:

Status: UNSUBMITTED

1. Vendor Name:

Accadia Site Contracting

2. Vendor Name:

Architectural Resources

Type of Procurement:

Design and Construction/Maintenance

Consulting Services

Award Process: Authority Contract - Competitive Bid

Award Date:

09/28/2010

End Date:

06/30/2013

Amount:

\$2,700,937.86

Amount Expended for Fiscal

\$65,042.22

Year:

06/30/2014
\$288,000
\$238,525.62

Fair market value:

Fair market value:

Explain why the fair market value is less than the amount:

Explain why the fair market value is less than the amount:

Address Line1:

5636 Transit Road

Address Line1:

505 Franklin Street

Address Line2:

DEPEW

City:

DEPEW

State:

NY

Postal Code:

14043

Plus 4:

Postal Code:

14202

Province Region:

Province Region:

Country:

USA

USA

Procurement Description:

Final construction of Phase IV road and infrastructure at Buffalo Lakeside Commerce Park.

Procurement Description:

South Buffalo Brownfield Opportunity Area Step 3 coordination



Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2013

Run Date: 02/19/2014

Procurement Transactions Listing:

Status: UNSUBMITTED

3. Vendor Name: Audubon Architecture Engineering Surveying & Landscape Architecture/Wendel
 Type of Procurement: Consulting Services
 Award Process: Authority Contract - Competitive Bid
 Award Date: 11/27/2012
 End Date: 04/30/2014
 Amount: \$317,191
 Amount Expended for Fiscal Year: \$288,770.3
 Fair market value:
 Explain why the fair market value is less than the amount:

4. Vendor Name: Buffalo Niagara Enterprise
 Type of Procurement: Other Professional Services
 Award Process: Non Contract Procurement/Purchase Order
 Award Date:
 End Date:
 Amount: \$5,000
 Amount Expended for Fiscal Year:
 Fair market value:
 Explain why the fair market value is less than the amount:

Address Line1: 140 John James Audubon Parkway
 Address Line2: Suite 201
 City: AMHERST
 State: NY
 Postal Code: 14228
 Plus 4:
 Province Region: USA
 Country: USA
 Procurement Description: South Buffalo Brownfield Opportunity Area golf course study and the Buffalo Lakeside Commerce Park ladle design.

Address Line1: 665 Main Street
 Address Line2: Suite 200
 City: BUFFALO
 State: NY
 Postal Code: 14203
 Plus 4:
 Province Region: USA
 Country: USA
 Procurement Description: Contribution for marketing services.

Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2013

Run Date: 02/19/2014

Procurement Transactions Listing

Status: UNSUBMITTED

<p>5. Vendor Name: Business First</p> <p>Type of Procurement: Other</p> <p>Award Process: Non Contract Procurement/Purchase Order</p> <p>Award Date:</p> <p>End Date:</p> <p>Amount: \$5,317.45</p> <p>Amount Expended for Fiscal Year:</p> <p>Fair market value:</p> <p>Explain why the fair market value is less than the amount:</p>	<p>Vendor Name: Chartis/AIG</p> <p>Type of Procurement: Other Professional Services</p> <p>Award Process: Authority Contract - Competitive Bid</p> <p>Award Date: 01/01/2013</p> <p>End Date: 12/31/2013</p> <p>Amount: \$17,110</p> <p>Amount Expended for Fiscal Year: \$17,110</p> <p>Fair market value:</p> <p>Explain why the fair market value is less than the amount:</p>
<p>Address Line1: 14016 Collections Center Drive</p> <p>Address Line2: CHICAGO</p> <p>City: IL</p> <p>State: 60693</p> <p>Postal Code: 60693</p> <p>Plus 4:</p> <p>Province Region: USA</p> <p>Country: USA</p> <p>Procurement Description: Advertising and newspaper subscription.</p>	<p>Address Line1: 180 Maiden Lane</p> <p>Address Line2: NEW YORK</p> <p>City: NY</p> <p>State: 10038</p> <p>Postal Code: 10038</p> <p>Plus 4:</p> <p>Province Region: USA</p> <p>Country: USA</p> <p>Procurement Description: Insurance policy for directors and officers.</p>

Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2013

Run Date: 02/19/2014

Procurement Transactions Listing:

Status: UNSUBMITTED

<p>7. Vendor Name: Erie County Industrial Development Agency</p> <p>Type of Procurement: Staffing Services Award Process: Authority Contract - Non-Competitive Bid Award Date: 01/01/2011 End Date: Amount: \$41,404.62 Amount Expended for Fiscal Year: \$41,404.62 Fair market value: \$41,404.62</p> <p>Explain why the fair market value is less than the amount:</p>	<p>8. Vendor Name: Essex Insurance Co.</p> <p>Type of Procurement: Other Professional Services Award Process: Authority Contract - Competitive Bid Award Date: 01/01/2013 End Date: 12/31/2013 Amount: \$11,680.11 Amount Expended for Fiscal Year: \$11,680.11 Fair market value:</p> <p>Explain why the fair market value is less than the amount:</p>
<p>Address Line1: 95 Perry Street Address Line2: Suite 403 City: BUFFALO State: NY Postal Code: 14203 Plus 4: Province Region: Country: USA</p> <p>Procurement Description: Management fees for Erie County IDA staff work performed for BUDC.</p>	<p>Address Line1: 4521 Highwoods Parkway Address Line2: City: GLEN ALLEN State: VA Postal Code: 23060 Plus 4: Province Region: Country: USA</p> <p>Procurement Description: Property and liability insurance for Riverbend properties.</p>



Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2013

Run Date: 02/19/2014

Procurement Transactions Listing:

Status: UNSUBMITTED

<p>9. Vendor Name: GEI Consultants, Inc.</p> <p>Type of Procurement: Consulting Services</p> <p>Award Process: Authority Contract - Competitive Bid</p> <p>Award Date: 08/15/2013</p> <p>End Date: 09/06/2013</p> <p>Amount: \$14,400</p> <p>Amount Expended for Fiscal Year: \$14,400</p> <p>Fair market value:</p> <p>Explain why the fair market value is less than the amount:</p>	<p>10. Vendor Name: H. Sicherman & Company, Inc.</p> <p>Type of Procurement: Other Professional Services</p> <p>Award Process: Authority Contract - Non-Competitive Bid</p> <p>Award Date: 04/30/2013</p> <p>End Date: 12/31/2013</p> <p>Amount: \$11,126.83</p> <p>Amount Expended for Fiscal Year: \$11,126.83</p> <p>Fair market value: \$12,000</p> <p>Explain why the fair market value is less than the amount:</p>
<p>Address Line1: P.O. Box 843005</p> <p>Address Line2:</p> <p>City: BOSTON</p> <p>State: MA</p> <p>Postal Code: 02284</p> <p>Plus 4:</p> <p>Province Region: USA</p> <p>Country: USA</p> <p>Procurement Description: Vibration testing for Riverbend site.</p>	<p>Address Line1: 5852 Forest Creek Drive</p> <p>Address Line2:</p> <p>City: EAST AMHERST</p> <p>State: NY</p> <p>Postal Code: 14051</p> <p>Plus 4:</p> <p>Province Region: USA</p> <p>Country: USA</p> <p>Procurement Description: Development of loan policy and procedures and underwriting.</p>

Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2013

Run Date: 02/19/2014

Procurement Transactions Listing:

Status: UNSUBMITTED

11. Vendor Name:

Hurwitz & Fine, P.C.

12. Vendor Name:

Lincoln Life & Annuity Company of NY

Type of Procurement: Legal Services
 Award Process: Authority Contract - Non-Competitive Bid
 Award Date: 01/03/2005
 End Date:
 Amount: \$102,300.48
 Amount Expended for Fiscal Year: \$102,300.48
 Fair market value:
 Explain why the fair market value is less than the amount:

Type of Procurement: Other
 Award Process: Authority Contract - Competitive Bid
 Award Date: 01/01/2013
 End Date: 12/31/2013
 Amount: \$5,992.44
 Amount Expended for Fiscal Year: \$5,992.44
 Fair market value:
 Explain why the fair market value is less than the amount:

72

Address Line1:
 Address Line2:
 City:
 State:
 Postal Code:
 Plus 4:
 Province Region:
 Country:

1300 Liberty Building
 BUFFALO
 NY
 14202
 USA

Procurement Description:

Legal services

Address Line1:
 Address Line2:
 City:
 State:
 Postal Code:
 Plus 4:
 Province Region:
 Country:

P.O. Box 7247-0437
 PHILADELPHIA
 PA
 19170
 USA

Procurement Description:

Dental, longterm disability, and life insurance coverage for BUDC employees.

Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2013

Run Date: 02/19/2014

Procurement Transactions Listing:

Status: UNSUBMITTED

13. Vendor Name:

Lumsden McCormick, LLP, CPA

14. Vendor Name:

National Grid

Type of Procurement:

Financial Services

Award Process:

Authority Contract - Competitive Bid

Award Date:

09/25/2012

End Date:

03/31/2014

Amount:

\$22,800

Amount Expended for Fiscal

\$11,400

Year:

Fair market value:

Explain why the fair market value is less than the amount:

Type of Procurement:

Commodities/Supplies

Award Process:

Non Contract Procurement/Purchase Order

Award Date:

End Date:

Amount:

\$7,324.82

Amount Expended for Fiscal

Year:

Fair market value:

Explain why the fair market value is less than the amount:

Address Line1:

Cyclorama Building

P.O. Box 11742

Address Line2:

369 Franklin Street

City:

BUFFALO

NEWARK

State:

NY

NJ

Postal Code:

14202

07101

Plus 4:

Province Region:

Country:

USA

USA

Procurement Description:

Audit and tax services.

Procurement Description:

Electric utility provider for RiverBend & Buffalo Lakeside Commerce Park.

Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2013

Run Date: 02/19/2014

Procurement Transactions Listing:

Status: UNSUBMITTED

<p>15. Vendor Name: Natural Restorations by Linda J. & Co.</p>	<p>16. Vendor Name: Panamerican Counsutants, Inc.</p>
<p>Type of Procurement: Award Process: Award Date: End Date: Amount: Amount Expended for Fiscal Year: Fair market value: Explain why the fair market value is less than the amount:</p>	<p>Type of Procurement: Award Process: Award Date: End Date: Amount: Amount Expended for Fiscal Year: Fair market value: Explain why the fair market value is less than the amount:</p>
<p>Design and Construction/Maintenance Authority Contract - Competitive Bid 09/29/2011 06/01/2013 \$125,125 \$6,142.5</p>	<p>Consulting Services Authority Contract - Competitive Bid 06/25/2013 12/31/2013 \$20,000 \$15,845</p>
<p>Address Line1: Address Line2: City: State: Postal Code: Plus 4: Province Region: Country: Procurement Description:</p>	<p>Address Line1: Address Line2: City: State: Postal Code: Plus 4: Province Region: Country: Procurement Description:</p>
<p>P.O. Box 177 BUFFALO NY 14231 USA Native tree planting at Ship Canal Commons open space project.</p>	<p>231 Paul Bryant Drive TUSCALOOSA AL 35402 USA Preservation ready study of buildings.</p>



Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2013

Run Date: 02/19/2014

Procurement Transactions Listing:

Status: UNSUBMITTED

17. Vendor Name:

SUB Services, Inc./Empire-GEO Services

18. Vendor Name:

Scottsdale Insurance Co.

Type of Procurement:

Consulting Services

Award Process:

Authority Contract - Non-Competitive Bid

Award Date:

08/01/2013

End Date:

10/01/2013

Amount:

\$19,440

Amount Expended for Fiscal

\$19,174.4

Year:

\$20,000

Fair market value:

\$20,000

Explain why the fair market

value is less than the amount:

Type of Procurement:

Other Professional Services

Award Process:

Authority Contract - Competitive Bid

Award Date:

01/01/2013

End Date:

12/31/2013

Amount:

\$4,824.11

Amount Expended for Fiscal

\$4,824.11

Year:

Fair market value:

Explain why the fair market

value is less than the amount:

Address Line1:

5167 South Park Avenue

Address Line2:

HAMBURG

City:

NY

State:

14075

Postal Code:

USA

Plus 4:

Geotechnical testing for Riverbend site.

Province Region:

Country:

USA

Procurement Description:

Geotechnical testing for Riverbend site.

Address Line1:

8877 N. Gainey Center

Address Line2:

SCOTTSDALE

City:

AZ

State:

85258

Postal Code:

USA

Plus 4:

Umbrella insurance policy for Riverbend properties.

Province Region:

USA

Country:

Procurement Description:

Umbrella insurance policy for Riverbend properties.

Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2013

Run Date: 02/19/2014

Procurement Transactions Listing:

Status: UNSUBMITTED

19. Vendor Name:

T&R Seasonal Services, Inc.

20. Vendor Name:

The Hartford Insurance

Type of Procurement:

Award Process: Design and Construction/Maintenance
 Award Date: Authority Contract - Competitive Bid
 12/15/2011
 End Date: 12/31/2014

Type of Procurement: Other Professional Services
 Award Process: Authority Contract - Competitive Bid
 Award Date: 01/01/2013
 End Date: 12/31/2013

Amount: \$44,924.99
 Amount Expended for Fiscal Year: \$44,924.99

Amount: \$13,760.19
 Amount Expended for Fiscal Year: \$13,760.19

Fair market value:

Fair market value:

Explain why the fair market value is less than the amount:

Explain why the fair market value is less than the amount:

Address Line1:

6413 West Quaker Road

Address Line1:

F.O. Box 660916

Address Line2:

ORCHARD PARK
 NY

Address Line2:

DALLAS
 TX

City:

14127

City:

75266

State:

Postal Code:

75266

Plus 4:

Province Region:

USA

Country:

USA

Procurement Description:

Park landscaping, and lawn mowing services.

Procurement Description:

Property insurance for Buffalo Lakeside Commerce Park and Workers' Compensation insurance.



Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2013

Run Date: 02/19/2014

Procurement Transactions Listing:

Status: UNSUBMITTED

21. Vendor Name:	Turn Key Environmental Restoration, LLC	22. Vendor Name:	Urban Land Institute
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Type of Procurement:	Other Professional Services	Type of Procurement:	Other
Award Process:	Authority Contract - Competitive Bid	Award Process:	Non Contract Procurement/Purchase Order
Award Date:	09/01/2013	Award Date:	
End Date:	08/31/2014	End Date:	
Amount:	\$94,090	Amount:	\$10,000
Amount Expended for Fiscal Year:	\$103,755.98	Amount Expended for Fiscal Year:	
Fair market value:		Fair market value:	
Explain why the fair market value is less than the amount:		Explain why the fair market value is less than the amount:	

Address Line1:	2558 Hamburg Turnpike	Address Line1:	1025 Thomas Jefferson St. NW
Address Line2:	Suite 300	Address Line2:	
City:	LACKAWANNA	City:	WASHINGTON
State:	NY	State:	DC
Postal Code:	14218	Postal Code:	20007
Plus 4:		Plus 4:	
Province Region:		Province Region:	
Country:	USA	Country:	USA
Procurement Description:	Environmental Operations and Maintenance Services at RiverBend Commerce Park	Procurement Description:	Study and workshop event for HSBC Tower.

Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2013

Run Date: 02/19/2014

Procurement Transactions Listing:

Status: UNSUBMITTED

Additional Comments:

Buffalo Urban Development Corporation

95 Perry Street • Suite 404
Buffalo, New York 14203

phone: 716-856-6525

fax: 716-856-6754

web: *buffalourbandevelopment.com*



Item 4.1.6

MEMORANDUM

TO: Buffalo Urban Development Corporation Board of Directors

FROM: Andrew Schoeppich, CFO

RE: Audit & Tax Services Contract Renewal

DATE: March 25, 2014

As per the attached resolution, on September 25, 2012 the BUDC Board approved the selection of Lumsden & McCormick to provide professional audit and tax services for the 2012 & 2013 audits with an option of contracting with the firm for the 2014, 2015 and 2016 fiscal years.

Based on BUDC's positive experience with the Lumsden & McCormick audit team for the past two fiscal audits, as well as the audit firm's significant governmental and not-for-profit experience, staff recommends that the Board approve the option to contract with Lumsden & McCormick for the three-year audit period of 2014 to 2016. The cost of this engagement would be \$10,500 for 2014, \$10,750 for 2015 and \$11,000 for 2016, with an additional \$1,000 each year for the audit of the Buffalo Brownfields Redevelopment Fund.

The Audit & Finance Committee reviewed staff's recommendation on March 14, 2014 and recommended that the Board approve the exercise of this three-year renewal option.

ACTION:

We are requesting that the BUDC Board approve the selection of Lumsden & McCormick to provide professional audit and tax services for the 2014, 2015 and 2016 fiscal years.

MEMORANDUM

TO: Buffalo Urban Development Corporation Board Members
FROM: Andrew Schoepich, CFO & Treasurer
SUBJECT: Audit & Tax Services Contract for 2012 & 2013
DATE: September 25, 2012

In accordance with the Erie County Industrial Development Agency's (the "ECIDA") procurement policy, the ECIDA must perform a written request for proposal ("RFP") for procurements in excess of \$20,000 per calendar year. Professional audit services RFP's are required to be performed at least every 5 years. The ECIDA's last RFP for these services was in 2007, therefore, the agency was required to do an RFP in 2012. On July 13, 2012, the ECIDA issued an RFP for Professional Audit Services requesting one CPA firm to jointly audit the Agency and its affiliates, Buffalo Urban Development Corporation ("BUDC") and its affiliates and Western Region Corporation ("WRC"). The joint audit is to reduce total audit costs and improve overall audit efficiencies as the ECIDA's Finance Department is responsible for all of the entities. The RFP requested professional auditing services for two (2) fiscal years from January 1, 2012 to December 31, 2013, with an option of auditing its financial statements for the subsequent three (3) fiscal years. The length of the potential contract also coincides with the Public Authorities Law which requires rotation of the audit partner every five years.

A hard copy of the RFP was mailed to the top twenty one accounting firms per the 2012 Business First Book of lists. Also, an ad was placed in the Buffalo News classified section stating the Agency issued an RFP for these services. All questions regarding the RFP were requested to be submitted in writing. Questions were answered in writing and distributed to all RFP recipients. The RFP responses were due on Monday, August 20th. At this time, nine (9) proposals were submitted by local firms.

Proposals were evaluated by Andrew Schoepich, ECIDA/BUDC CFO, Theresa Carpenter, ECIDA Controller, and Peter Cammarata, BUDC President, and points were assigned based on the following criteria as stated in the RFP:

- 1) Qualifications and experience of the audit firm. (30%)
- 2) Qualifications and experience of the partners and staff proposed for the engagement. (30%)
- 3) All-inclusive cost for each of the potential five year engagement. (40%)
- 4) Compliance with local, state or federal statutes and regulations.
- 5) Anticipated Potential Audit Problems (if any).
- 6) Submission of Proposal by due date.

Results of the top five firms:

- 1) Lumsden & McCormick – Ranked 1st as they have significant governmental and not-for-profit experience. They service such clients as Niagara County IDA, Greater Lockport Development Corporation and the Buffalo Fiscal Stability Authority. They were also the prior auditors for BUDC. Seth Hennard, the proposed Manager for the audit, has serviced the Agency’s account as a Manager for 5+ years when he was with his previous firm. Their offices are in Buffalo and are located in the historic Cyclorama building. Their average audit fee over the five years is **\$60,800** per year.
- 2) Drescher & Malecki – Ranked 2nd due to their extensive governmental experience. D&M service only governmental and not-for-profit clients and therefore have deep technical experience in the industry. Both Partners have 30 + years experience and have worked for a “big four” firm before starting their own practice. They have past experience serving as the partners on the ECIDA with their prior firm. They currently audit IDA’s in Clarence, Lancaster, Concord, Port Chester and Hornell as well as many Local Development Corporations (LDC’s), towns and villages. The average audit fee is **\$63,477**.
- 3) Toski & Co. – Ranked 3rd. This is the Agency’s current auditing firm. The firm currently serves many non-profit and governmental organizations including Empire State Development Corporation. They have serviced ECIDA for eight years and BUDC for five. They audit IDA’s in Amherst & Orleans. Toski is now a division of EFP Rotenberg out of Rochester. The average audit fee is **\$66,900**.
- 4) Bonadio & Co. – Ranked 4th. Bonadio provides auditing services to many governmental entities in WNY including the County of Monroe Industrial Development Agency and Livingston County IDA. The Partner and Managers proposed for this engagement are from the Rochester office. The average audit fee is **\$74,780**.
- 5) Freed Maxick – Ranked 5th. Freed Maxick is a firm located in downtown Buffalo. The firm has a governmental services practice which serves many local governments and governmental agencies. (Wyoming County IDA, City of Geneva IDA, Erie County Fiscal Stability Authority). The average audit fee is **\$80,000**.
- 6) The other four firms that submitted a proposals were Buffamante Whipple with an average audit fee of \$99,200, Chiampon at \$100,930, D’Ansa & Darata at \$91,400 and Dopkins & Co. \$136,940.

On September 13, 2012 the joint ECIDA, RDC and ILDC Finance & Audit Committee reviewed the above and recommended that their respective Boards approve the selection of Lumsden & McCormick.

On September 17, 2012 BUDC’s Finance & Audit Committee reviewed the above and recommended that the BUDC Board approve the selection of Lumsden & McCormick.

Action:

We are requesting that the BUDC Board approve the selection of Lumsden & McCormick to provide professional audit and tax services for the 2012 & 2013 audits with an option of contracting with the firm for the 2014, 2015 and 2016 fiscal years.