

Buffalo Urban Development Corporation

Investment Report

For the year ended December 31, 2016

Buffalo Urban Development Corporation

2016 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, 2016 and was approved by the BUDC Board of Directors at their March 28, 2017 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 28, 2017 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 29, 2016.

Investment Audit:

BUDC's auditors have audited the corporation's compliance with the Investment Guidelines for Public Authorities. In their report dated March 14, 2017 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, 2016

| Account Type | Financial Institution | G/L Balance | | Interest Rate* Dec-2016 | 2016 | | |
|-----------------------|-----------------------|---------------------|---------------------|----------------------------|-------------------|-------------|---|
| | | 1/1/2016 | 12/31/2016 | | Investment Income | Fees | Restricted Purpose |
| BUDC Accounts: | | | | | | | |
| 1 Interest Checking | First Niagara Bank | \$ 2,550,635 | \$ - | N/A | \$ 1,702 | \$ - | General BUDC Checking account. |
| 2 Interest Checking | First Niagara Bank | 783,651 | - | N/A | - | - | Downtown Loan Fund |
| 3 Interest Checking | First Niagara Bank | 19,562 | - | N/A | - | - | Northland Corridor account |
| 4 Interest Checking | First Niagara Bank | 2,307,680 | - | N/A | 1,667 | - | Restricted account for City of Buffalo real estate development** |
| 5 Interest Checking | First Niagara Bank | 85,008 | - | N/A | 34 | - | Restricted account for eligible Erie County Development Projects*** |
| 6 Interest Checking | KeyBank | - | 1,780,244 | 0.10% | 2,087 | - | General BUDC Checking account. |
| 7 Interest Checking | KeyBank | - | 560,797 | - | - | - | Downtown Loan Fund |
| 8 Interest Checking | KeyBank | - | 0.01 | - | - | - | Northland Corridor account |
| 9 Interest Checking | KeyBank | - | 2,287,283 | 0.10% | 2,156 | - | Restricted account for City of Buffalo real estate development** |
| 10 Interest Checking | KeyBank | - | 106,713 | 0.11% | 58 | - | Restricted account for eligible Erie County Development Projects*** |
| | | <u>\$ 5,746,537</u> | <u>\$ 4,735,037</u> | | <u>\$ 7,704</u> | <u>\$ -</u> | |
| BBRC Accounts: | | | | | | | |
| 11 Interest Checking | First Niagara Bank | 25,110 | - | N/A | - | - | General BBRC Checking account |
| 12 Interest Checking | KeyBank | - | 9,134 | 0.00% | - | - | General BBRC Checking account |
| | | <u>\$ 5,771,647</u> | <u>\$ 4,744,171</u> | | <u>\$ 7,704</u> | <u>\$ -</u> | |

Notes:
 During 2016, BUDC and BBRC's accounts were transferred from First Niagara to KeyBank, upon KeyBank's acquisition of First Niagara.

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 2016 and is prior to the deduction of fees (if any).

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

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