

## Buffalo Urban Development Corporation

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### **Audit & Finance Committee Meeting Wednesday – February 5, 2020 - Noon BUDC Offices, 4<sup>th</sup> Floor, 95 Perry**

#### **Agenda**

1. Approval of Minutes from the October 2, 2019 Meeting *(Action) (Enclosure)*
2. Northland Project Inter-Company Loan/Note Modifications *(Recommend) (Handout)*
3. Corporate Line of Credit *(Recommend) (Handout)*
4. 2019 Audit & Finance Committee Self-Evaluation *(Action) (Enclosure)*
5. Investment & Deposit Policy – Re-adoption *(Recommend) (Enclosure)*
6. Audit & Finance Committee Charter Review *(Information) (Enclosure)*
7. 2019 Property Report *(Information) (Enclosure)*
8. Buffalo Brownfields Redevelopment Fund (BBRF) Update *(Information) (Handout)*
9. Regionally Significant Project (RSP) Fund Update *(Information) (Handout)*
10. Adjournment *(Action)*

**Minutes of the  
Audit & Finance Committee Meeting  
Buffalo Urban Development Corporation  
95 Perry Street  
October 2, 2019  
12:00 p.m.**

**Call to Order:**

**Committee Members Present:**

Trina Burruss  
James Comerford  
Dennis M. Penman (Committee Chair)

**Committee Members Absent:**

Janique S. Curry  
David J. Nasca

**Officers Present:**

Peter M. Cammarata, President  
David A. Stebbins, Executive Vice President  
Brandye Merriweather, Vice President  
Mollie M. Profic, Treasurer  
Kevin J. Zanner, Secretary  
Atiqa Abidi, Assistant Treasurer

**Others Present:** Dawn Boudreau, ECIDA; Barbara Danner, Freed Maxick CPAs, P.C.; Arthur Hall, BUDC and Laura Landers, Freed Maxick CPAs, P.C.

**Roll Call** - The Secretary called the roll of the members of the Audit & Finance Committee at 12:05 p.m. A quorum of the Committee was present.

- 1.0 Approval of Minutes of the September 11, 2019 Meeting** – The minutes of September 11, 2019 meeting of the Audit & Finance Committee were presented. Ms. Burruss made a motion to approve the meeting minutes. The motion was seconded by Mr. Comerford and unanimously carried.
- 2.0 2020 BUDC Proposed Budget & Three Year Forecast** – Ms. Profic circulated the proposed 2020 budget and 2021-2023 forecast, which was reviewed in detail at the September 11<sup>th</sup> meeting of the Committee. Ms. Profic noted that the budget was updated to include separate line items for depreciation and amortization. Mr. Comerford made a motion to recommend that the Board of Directors approve the proposed 2020 BUDC budget and three-year forecast. The motion was seconded by Ms. Burruss and unanimously carried.
- 3.0 2020 683 Northland Master Tenant Proposed Budget** – Ms. Profic circulated the proposed 2020 budget for 683 Northland Master Tenant, LLC, which was reviewed in detail at the September 11<sup>th</sup> meeting of the Committee. Ms. Profic noted that this budget is presented for information purposes only. The budget contemplates that the 683 Northland building will be fully leased by the end of 2020. The budget provides for an increase in building maintenance costs from \$20,000 to \$50,000 to account for the projected hiring by Mancuso of a part-time employee. Ms. Profic noted that separate line items for the property management fee and leasing commissions are included in the budget per the Committee's request.
- 4.0 Freed Maxick 2019 Audit Plan** – Ms. Landers circulated and reviewed with the Committee the proposed 2019 audit plan for BUDC. Ms. Landers explained the audit timetable, audit objectives overall audit strategy and audit risk assessment as detailed in the audit plan. The Committee

discussed the audit process and the preparation and filing of the Form 990 with the Internal Revenue Service. Ms. Profic also reported on the status of the refund for the Brownfield Cleanup Program tax credits and a request to grant Freed Maxick power of attorney to discuss the tax return with the NYS Department of Taxation & Finance. The Committee suggested that the request be presented to the BUDC Board of Directors.

- 5.0** **Adjournment** – There being no further business to come before the Committee, upon motion made by Mr. Comerford, seconded by Ms. Burruss and unanimously carried, the October 2, 2019 meeting of the Audit & Finance Committee was adjourned at 12:45 p.m.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Kevin J. Zanner', is written over a horizontal line.

Kevin J. Zanner, Secretary

**Buffalo Urban Development Corporation  
2019 Audit & Finance Committee Self-Evaluation**

**Responsibilities of the Audit & Finance Committee:**

The core responsibilities of the Audit & Finance Committee, as mandated under Section 2825 of the New York Public Authorities Law, are set forth in the Bylaws and include: (i) the independent auditor and annual financial statements; (ii) oversight of management's internal controls, compliance, and risk assessment practices; (iii) special investigations and whistleblower policies; and (iv) miscellaneous issues related to the financial practices of the Corporation.

Audit & Finance Committee Self-Evaluation	Yes	No	Pending	Comments
1. Are the members of the Audit & Finance Committee appointed in accordance with the Bylaws and do individuals appointed to the Audit & Finance Committee possess the necessary skills to understand the duties and functions of the Audit & Finance Committee and are familiar with corporate financial and accounting practices?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. Is each member of the Audit & Finance Committee an "independent member" within the meaning of, and to the extent required by, Section 2825 of the New York Public Authorities Law, as amended from time to time? Did Audit & Finance Committee members, who are members of the Corporation, comply with the conflict of interest provisions applicable to public officers under Article 18 of the New York General Municipal Law?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Did the Audit & Finance Committee meet a minimum of once (1) each calendar year?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Audit & Finance Committee met on 3/14/19, 6/13/19, 9/11/19, and 10/2/19.
4. Were meeting notices and agendas prepared for each meeting and provided to Audit & Finance Committee members by electronic or regular mail at least five (5) days in advance of the scheduled meeting? Were minutes of all meetings recorded by the Secretary or any Assistant Secretary of the Corporation? Did all meetings comply with the requirements of the Open Meetings Law?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Audit & Finance Committee Self-Evaluation	Yes	No	Pending	Comments
5. Did the Audit & Finance Committee develop the Corporation's audit practices, which should address independent auditors and financial statements; internal controls, compliance, and risk assessment; special investigations; and other responsibilities?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	See Questions #6-#10 below.
6. Did the Audit & Finance Committee: <ul style="list-style-type: none"> <li>(a) Recommend to the Board the appointment of independent auditors, establish the compensation to be paid to the auditors, pre-approve all audit services provided by the independent auditor, and provide oversight of the audit services provided by the independent auditor?</li> <li>(b) Engage independent auditors to provide permitted audit services consistent with the procurement policy of the Corporation?</li> <li>(c) Review and approve the Corporation's audited financial statements, associated management letter, and all other auditor communications?</li> <li>(d) Review significant accounting and reporting issues and understand their impact on the financial statements of the Corporation?</li> <li>(e) Meet with the Corporation's independent auditor at least annually to discuss the financial statements of the Corporation and any issues that may have arisen during the audit?</li> <li>(f) Review and discuss any significant risks reported in the independent audit and assess the responsiveness of management's follow-up activities regarding same?</li> </ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>In February 2019, Freed Maxick completed a financial audit of BUDC and 683 Northland Master Tenant, LLC. On 3/14/19, Freed Maxick presented the draft 2018 audited financial statements for both entities to the Audit &amp; Finance Committee. Freed Maxick issued an unmodified (clean) opinion for both audits. They also indicated that the audits did not uncover any significant weaknesses in internal control. Freed Maxick also presented the 2018 draft financial statements of the Buffalo Brownfields Redevelopment Fund. The ECIDA is the custodian for the Brownfields Fund. Accordingly, the financial statements were presented to the Committee for informational purposes only.</p>
7. Did the Audit & Finance Committee review management's assessment of the effectiveness of the Corporation's internal controls and review the actions taken by management on the independent accountants' and auditors' suggestions for correcting weaknesses in the Corporation's internal controls, regulatory compliance, and organizational structure and operations?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As per the March 2019 audit reports, no significant weaknesses in internal control were noted.

Audit & Finance Committee Self-Evaluation	Yes	No	Pending	Comments
<p>8. Did the Audit &amp; Finance Committee:</p> <p>(a) Ensure that the Corporation has a confidential mechanism for individuals to report suspected fraudulent activities, allegations of corruption, fraud, criminal activity, conflicts of interest by directors, officers, or employees of the Corporation or anyone having business dealings with the Corporation?</p> <p>(b) Develop procedures for the receipt, retention, investigation, or referral of complaints concerning accounting, internal controls, and auditing?</p> <p>(c) Request and oversee special investigations as needed or refer specific issues to the Board or appropriate committee for further investigation?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The BUDC adopted a Whistleblower Policy in March of 2012. The Policy describes the process for reporting suspected fraudulent activities and describes the protections provided to individuals who report suspected fraudulent activities. No changes were recommended to this Policy in 2019.</p>
<p>9. Did the Audit &amp; Finance Committee obtain information and training needed to enhance the committee members' understanding of the role of the independent auditor, the risk management process, internal controls, and appropriate level of familiarity in financial reporting standards and processes?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>During its meeting on 3/14/19, the Audit &amp; Finance Committee reviewed an article entitled, "Overseeing the External Auditors" published by the Governance Insights Center.</p>

Audit & Finance Committee Self-Evaluation	Yes	No	Pending	Comments
<p>10. Did the Audit &amp; Finance Committee:</p> <p>(a) Report its actions and recommendations to the Board?</p> <p>(b) Report to the Board at least annually regarding any changes to the Audit &amp; Finance Committee Charter?</p> <p>(c) Provide a self-evaluation to the Board on an annual basis?</p> <p>(d) Report to the Board at least annually on the findings of its independent auditors?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>On 3/26/19, the Audit &amp; Finance Committee reported on its activities to the BUDC Board of Directors. These activities included the: (1) Audit &amp; Finance Committee self-evaluation; (2) Audit &amp; Finance Committee Charter; (3) draft 2018 financial statements audited by Freed Maxick; (4) 2018 drafted financial statements for the Buffalo Brownfields Redevelopment Fund audited by Freed Maxick; (5) 2018 Property Report; (6) Investment &amp; Deposit Policy; and (7) 2018 Investment Report.</p>

Audit & Finance Committee Self-Evaluation	Yes	No	Pending	Comments
<p>11. Did the Audit &amp; Finance Committee:</p> <p>(a) Assess the financial requirements of the Corporation's capital plans including its current and future capital needs, justification of why the capital expenditures are required and a review and explanation of funding sources for its capital projects?</p> <p>(b) Review the financial aspects of the Corporation's proposed projects, major transactions, significant expenditures, new programs &amp; services, proposals to discontinue programs &amp; services and make recommendations to the Board based on such reviews?</p> <p>(c) Review and recommend changes to the Corporation's Procurement Policy, including thresholds for procuring commodities, equipment, goods or services with or without written requests for proposals?</p> <p>(d) Review proposals for financing the Corporation's capital expenditures and other business ventures and make recommendations to the Board concerning such proposals and the level and nature of the debt that may be acquired by the Corporation? In connection with these reviews, did the Committee consider information consistent with prudent borrowing practices such as the ability of the Corporation to generate cash flow to support its debt obligations and other cash flow needs?</p> <p>(e) Review the Corporation's existing loan agreements and other debt facilities and make recommendations for repayment, consolidation and refinancing?</p> <p>(f) When requested by the Board, make recommendations to the Board concerning criteria that should govern the Corporation's financing?</p> <p>(g) Review, at least annually, the Corporation's insurance policies and liability coverage and recommend any necessary changes?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>(a), (b), (d), (e) &amp; (f) The Audit &amp; Finance Committee discusses the financial requirements for all BUDC projects. BUDC staff provided updates for the RSP, BBRF, Northland, and Waterfront funds during the 3/14/19, 6/13/19, and 9/11/19 Audit &amp; Finance Committee meetings.</p> <p>(c) BUDC's Governance Committee reviewed the Procurement Policy during its 3/13/19 meeting. The Committee did not recommend any changes. The amended Policy was adopted by the Board on 3/26/19.</p> <p>(e) The Audit &amp; Finance Committee received updates on the BBRP/BUDC loan program during its 3/14/19, 6/13/19, and 9/11/19 meetings. The updates included status reports on all outstanding loans and loans in the pipeline. BUDC staff also reported that letters were sent to prospective borrowers to determine their continued interest in BBRP loan funding.</p>



Audit & Finance Committee Self-Evaluation	Yes	No	Pending	Comments
<p>12. Did the Audit &amp; Finance Committee:</p> <p>(a) Review the Corporation's proposed annual operating budget as presented by Corporation management for the upcoming fiscal year?</p> <p>(b) Recommend the annual budget to the Board for approval after incorporating modifications the Audit Committee deemed appropriate?</p> <p>(c) Make recommendations to the Board regarding transfers of money under the budget, if requested by the Board?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Audit & Finance Committee reviewed the 2020 draft budget and proposed three-year forecast during its 9/11/19 and 10/2/19 meetings. During its meeting on 10/2/19, the Committee recommended that the full Board approve the budget and three-year forecast.

Audit & Finance Committee Self-Evaluation
<b>Other Self-Evaluation Notes</b>
<p>1) In addition to the above:</p> <ul style="list-style-type: none"> <li>During the 10/2/19 meeting, Freed Maxick staff circulated and reviewed the proposed 2019 BUDC audit plan including the timetable, objectives, strategy, and risk assessment.</li> </ul>

# **BUFFALO URBAN DEVELOPMENT CORPORATION**

## **INVESTMENT AND DEPOSIT POLICY**

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### **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 or Assistant 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 or Assistant 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 and 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, net of fees, to be derived.

#### **B. Permitted Investments.**

The Treasurer or Assistant 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 a pledge of a pro rata portion of a pool of eligible securities, having in the aggregate a market value at least equal to the aggregate amount of deposits from all such officers within New York State at such bank or trust company.

3. 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.

4. 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 on a monthly basis. The Treasurer or Assistant 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 or Assistant 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 agency 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 agency 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 agency 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 of New York 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 rating categories by at least one nationally recognized statistical rating organization.

Obligations of domestic corporations rated in 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 federal 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  
Amended and Adopted: 3/31/2015  
Re-Adopted: 3/29/2016  
Re-Adopted: 3/28/2017  
Amended and Adopted: 3/27/2018  
Re-adopted: 3/26/2019

# **BUFFALO URBAN DEVELOPMENT CORPORATION**

## **AMENDED AND RESTATED AUDIT AND FINANCE COMMITTEE CHARTER**

The Board of Directors of Buffalo Urban Development Corporation (the “Corporation”) hereby adopts this Amended and Restated Audit and Finance Committee Charter (“Charter”) of the Corporation as of the Effective Date set forth herein.

### **ARTICLE I**

#### **Purpose**

The purpose of the Audit and Finance Committee (the “Audit Committee”) shall be to: (1) assure that the Corporation’s Board of Directors (the “Board”) fulfills its responsibilities for the Corporation’s internal and external audit process, the financial reporting process and the system of risk assessment and internal controls over financial reporting; (2) provide an avenue of communication between management, the independent auditors and the Board; (3) oversee the Corporation’s capital requirements and its acquisition, management and repayment of debt, and to recommend policies concerning the same; and (4) review and make recommendations regarding budgetary matters.

### **ARTICLE II**

#### **Powers**

The Audit Committee shall have the power to: (1) conduct or authorize investigations into any matters within its scope of responsibility; (2) seek any information it requires from Corporation employees, all of whom should be directed by the Board to cooperate with the Audit Committee’s requests; and (3) meet with Corporation staff, independent auditors, experts, other advisors or Corporation counsel, as the Audit Committee may deem appropriate. The Board shall ensure that the Audit Committee has sufficient resources to carry out its duties under this Charter.

### **ARTICLE III**

#### **Composition of the Audit and Finance Committee**

A. The Audit Committee shall be appointed by the Board and shall be comprised of not less than three (3) independent members, who shall constitute a majority of the Committee. In the event that the Board has less than three (3) independent members, the Board may appoint non-independent members to the Audit Committee so long as the independent members constitute a majority of the Committee. The term “independent member,” as defined in Section 2825 of the New York Public Authorities Law, shall mean a member who: (i) is not, and in the past two years

has not been, employed by the Corporation or an affiliate in an executive capacity; (ii) is not, and in the past two years has not been, employed by an entity that received remuneration valued at more than Fifteen Thousand Dollars for goods and services provided to the Corporation or received any other form of financial assistance valued at more than Fifteen Thousand Dollars from the Corporation; (iii) is not a relative of an executive officer or employee in an executive position of the Corporation or an affiliate; and (iv) is not, and in the past two years has not been, a lobbyist registered under a state or local law and paid by a client to influence the management decisions, contract awards, rate determinations or any other similar actions of the Corporation or an affiliate of the Corporation.

B. Appointees to the Audit Committee are required to possess the necessary skills to understand the duties and functions of the Audit Committee and be familiar with corporate financial and accounting practices. The Board shall designate one member of the Audit Committee to serve as Chair of the Audit Committee. Each member of the Audit Committee shall serve for a term of one (1) year and until his or her successor shall be appointed and qualified.

#### **ARTICLE IV** **Committee Meetings**

A. The Audit Committee will meet at least annually and as frequently as may be necessary or appropriate in order to fulfill the functions outlined in this Charter. The Audit Committee may invite other individuals, such as staff members, auditors or other technical experts to attend meetings and provide pertinent information, as necessary.

B. Meeting notices will be prepared for each meeting and provided to Audit Committee members by electronic or regular mail at least five (5) days in advance of the scheduled meeting. Meetings shall be held in compliance with the requirements of the Open Meetings Law. Agenda materials will be provided in advance of each meeting. A quorum of the Audit Committee shall consist of a majority of the members then serving on the Audit Committee. The affirmative vote of a majority of the members then serving on the Audit Committee shall constitute an act of the Audit Committee. Minutes of the Committee meetings shall be recorded by the Secretary or, in his or her absence, an Assistant Secretary or any other person designated as secretary of the meeting by the Chair of the Audit Committee.

#### **ARTICLE V** **Committee Responsibilities**

The Board has delegated responsibilities to the Audit Committee in furtherance of the committee's purposes. Those responsibilities include the following:

A. **Independent Auditors and Financial Statements**

The Audit Committee shall:

(i) Recommend to the Board the appointment of independent auditors, establish the compensation to be paid to the auditors retained by the Corporation, pre-approve all audit services provided by the independent auditor and provide oversight of the audit services provided by the independent auditor.

(ii) Engage independent auditors to provide permitted audit services, consistent with and in accordance with the procurement policy of the Corporation. The Corporation's independent auditor shall be prohibited from providing non-audit services unless having received previous written approval from the Audit Committee. Non-audit services include tasks that directly support the Corporation's operations, such as (a) bookkeeping or other services related to the accounting records or financial statements of the Corporation; (b) financial information systems design and implementation; (c) appraisal or valuation services, fairness opinions, or contribution-in-kind reports; (d) actuarial services; (e) internal audit outsourcing services; (f) management functions or human resource services; (g) broker or dealer, investment advisor, or investment banking services; and (h) legal services and expert services unrelated to the audit function.

(iii) Review and approve the Corporation's audited financial statements, associated management letter and all other auditor communications.

(iv) Review significant accounting and reporting issues, including complex or unusual transactions and management decisions, and recent professional and regulatory pronouncements, and understand their impact on the financial statements of the Corporation.

(v) Meet with the Corporation's independent auditor at least annually to discuss the financial statements of the Corporation, and on an as-needed basis to discuss any significant issues that may have arisen during the course of the audit.

(vi) Review and discuss any significant risks reported in the independent audit findings and recommendations and assess the responsiveness and timeliness of management's follow-up activities pertaining to the same.

#### B. Internal Controls, Compliance and Risk Assessment

The Audit Committee shall review management's assessment of the effectiveness of the Corporation's internal controls and review the actions taken by management on the independent accountants' and auditors' suggestions for correcting weaknesses, if any, in the Corporation's internal controls, regulatory compliance, organizational structure and operations, and if applicable, any weaknesses noted.

#### C. Special Investigations

The Audit Committee shall:

(i) Ensure that the Corporation has an appropriate confidential mechanism for individuals to report suspected fraudulent activities, allegations of corruption, fraud, criminal

activity, conflicts of interest or abuse by the directors, officers or employees of the Corporation or any persons having business dealings with the Corporation or breaches of internal control.

(ii) Develop procedures for the receipt, retention, investigation and/or referral of complaints concerning accounting, internal controls and auditing.

(iii) Request and oversee special investigations as needed and/or refer specific issues to the Board or appropriate committee of the Board for further investigation.

D. Annual Budget

The Audit Committee shall:

(i) Review the Corporation's proposed annual operating budget as presented by Corporation management for the upcoming fiscal year.

(ii) Recommend the annual budget to the Board for approval after incorporating any modifications the Audit Committee deems appropriate.

(iii) Make recommendations to the Board regarding transfers of money under the budget, if requested by the Board.

E. Capitalization, Financial and Procurement Requirements

The Audit Committee shall:

(i) Assess the financial requirements of the Corporation's capital plans. The assessment is to include current and future capital needs, a justification of why such capital expenditures are required and a review and explanation of funding sources for capital projects such as grants, bank loans and existing cash reserves.

(ii) Review the financial aspects of the Corporation's proposed projects, major transactions, significant expenditures, new programs and services, as well as proposals to discontinue programs and services, and make recommendations to the Board based on such reviews.

(iii) Review and recommend changes to the Corporation's procurement policy, including thresholds for procuring commodities, equipment, goods or services with or without written requests for proposals.

(iv) Review proposals for financing the Corporation's capital expenditures and other business ventures, and make recommendations to the Board concerning such proposals and the level and nature of debt that may be acquired by the Corporation. In connection with such reviews, the Audit Committee shall consider such information as it determines to be consistent with prudent borrowing practices, including, without limitation, the ability of the Corporation to generate cash flow to support its debt obligations and other cash flow needs.

(v) Review the Corporation's existing loan agreements and other debt facilities, and make recommendations for repayment, consolidation and refinancing, if appropriate.

(vi) When requested by the Board, make recommendations to the Board concerning criteria that should govern the Corporation's financings.

(vii) Review, at least annually, the Corporation's insurance policies and liability coverage, and make recommendations regarding changes to each, if appropriate.

F. Other Responsibilities

The Audit Committee shall:

(i) Obtain information and training needed to enhance the Audit Committee members' understanding of the role of the independent auditor, the risk management process, internal controls, budgeting, capitalization requirements, debt acquisition and an appropriate level of familiarity in financial reporting standards and processes.

(ii) Review this Charter annually, reassess its adequacy and recommend to the Board any proposed changes. This Charter shall be updated as applicable laws, regulations, accounting and auditing standards change.

(iii) Conduct an annual self-evaluation of its performance, including the effectiveness of the Committee, its compliance with this Charter, and how it has discharged its duties and met its responsibilities as outlined herein.

**ARTICLE VI**  
**Committee Reports**

The Audit Committee shall:

A. Report its actions and recommendations to the Board at each regular meeting of the Board following a meeting of the Audit Committee and when otherwise requested by the Board.

B. At the Board's request, report to the Board regarding the status of and the Audit Committee's recommendations for the Corporation's proposed and existing borrowing arrangements and other debt facilities.

C. Report to the Board on a periodic basis, at least annually, the findings of its independent auditors. These reports shall include careful consideration of the actions taken by management on the independent auditors' suggestions for correcting weaknesses, if any, in the Corporation's internal controls, regulatory compliance, organizational structure and operations. These reports may include the adequacy of the audit effort by the Corporation's independent auditors, the financial and regulatory compliance reporting decisions of management, the adequacy

of disclosure of information essential to a fair presentation of the financial affairs and regulatory compliance efforts of the Corporation, and the organization and quality of the Corporation's system of management and internal accounting controls.

D. Report to the Board, at least annually, regarding any proposed changes to this Charter.

## **ARTICLE VII**

### **Amendments**

This Charter shall be effective upon the affirmative vote of the Board of Directors of the Corporation and may be amended upon affirmative vote of a majority of the Board of Directors of the Corporation.

Effective Date: April 7, 2009

Amended: March 2, 2010

Re-adopted: March 26, 2013

Re-adopted: March 14, 2014

Re-adopted: March 31, 2015

Re-adopted: March 29, 2016

Re-adopted: March 28, 2017

Amended and Restated: July 25, 2017 (Board of Directors)

Reviewed: March 15, 2018 (Audit & Finance Committee of the Board of Directors)

Reviewed: March 14, 2019 (Audit & Finance Committee of the Board of Directors)

**Buffalo Urban Development Corporation**  
**Property Report**  
**Year Ended: December 31, 2019**

Table 1. This is a listing of all real property owned by BUDC, or through its affiliates or subsidiaries, at December 31, 2019

BUDC Facility	Address or SBL of Property	Full Description of Property	Estimated FMV of Property	Note: The FMV is estimated using an average per acre value based on a sampling of non-current appraisals. Negotiated "final sale" value may vary.
Buffalo Lakeside Commerce Park 115.35 Acres Most Being Marketed Buffalo, New York	80 Ship Canal Parkway	2.01 acres of vacant land	\$ 70,350	
	134 Ship Canal Parkway	2.15 acres of vacant land	\$ 75,250	
	158 Ship Canal Parkway	2.15 acres of vacant land	\$ 75,250	
	193 Ship Canal Parkway	9.59 acres of vacant land	\$ 335,650	
	200 Ship Canal Parkway	5.86 acres of vacant land	\$ 205,100	
	255 Ship Canal Parkway	20.36 acres of vacant land	\$ 712,600	
	280 Ship Canal Parkway	0.42 acre of vacant land	\$ 14,700	
	310 Ship Canal Parkway	10.84 acres of vacant land (5.33 Useable)	\$ 241,650	
	15 Laborer's Way	4.92 acres of vacant land	\$ 172,200	
	24 Laborer's Way	5.40 acres of vacant land	\$ 189,000	
	51 Laborer's Way	5.32 acres of vacant land	\$ 186,200	
	70 Laborer's Way	18.11 acres of vacant land (10.17 Useable)	\$ 435,350	
	87 Laborer's Way	4.67 acres of vacant land	\$ 163,450	
	125 Laborer's Way	5.47 acres of vacant land	\$ 191,450	
	126 Laborer's Way	18.08 acres of vacant land (6.00 Useable)	\$ 330,800	
Northland Corridor 37.03 Acres Some Being Marketed Buffalo, New York	537 East Delavan Avenue	10.52 acres of land w/ 75,000 s.f. of vacant buildings	\$ 150,000	
	577 Northland Avenue	0.68 acre of greenspace	\$ 22,600	
	631 Northland Avenue	2.63 acres of land w/ a 35,000 s.f. vacant building	\$ 590,000	
	644 Northland Avenue	0.25 acre of parking	\$ 3,800	
	655 Northland Avenue	1.28 acres of parking and greenspace	\$ -	
	664 Northland Avenue	0.85 acre of parking and greenspace	\$ 6,400	
	683 Northland Avenue	7.27 acres of land w/ 235,000 s.f. of occupied buildings	\$ 12,800,000	
	688 Northland Avenue	1.65 acres of parking and greenspace	\$ 27,400	
	690 Northland Avenue	0.18 acre of parking	\$ 2,600	
	714 Northland Avenue	1.81 acres of land w/ an 18,000 s.f. occupied building		
	741 Northland Avenue	4.94 acres of land w/ a 92,000 s.f. derelict building	\$ 600,000	
	767 Northland Avenue	0.18 acre of vacant land	\$ 2,700	
	777 Northland Avenue	4.14 acres of land w/ a 81,000 s.f. derelict building	\$ 50,000	
	126 Dutton Avenue	0.36 acre of vacant land	\$ 5,500	
	128 Dutton Avenue	0.29 acre of vacant land	\$ 6,200	
Other	1322 South Park Avenue	0.06 acre of vacant land	\$ 2,100	
Not Marketed, Buffalo	308 Crowley Avenue	7.24 acres of land w/ a 315,374 s.f. derelict building	\$ 181,000	

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 2019.

Address and Location of Property	Full Description of Property	Estimated FMV of Property	Name & Address of Purchaser	Date of Sale	Price Received by BUDC Related Entity (BBRC)

Table 3. The following is a listing of all real property that was acquired during 2019.

Address and Location of Property	Full Description of Property	Estimated FMV of Property	Name & Address of Seller	Date of Purchase	Price Paid by BUDC Related Entity (714 Northland LLC)
714 Northland Avenue	1.81 acres of land w/ an 18,000 s.f. occupied building	\$ 425,000	PCD, Inc, 19 Bramblewood Ln., E. Amherst, NY, 14051	02/28/19	\$ 425,000