

**Minutes of the
Audit & Finance Committee Meeting
Buffalo Urban Development Corporation
95 Perry Street
Buffalo, New York 14203
March 15, 2018
12:00 P.M.**

Call to Order:

Committee Members Present:

James W. Comerford
Janique S. Curry
David J. Nasca
Dennis M. Penman (Committee Chair)

Committee Members Absent:

Thomas Beauford, Jr.

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.

Roll Call: The roll of the Committee members was called at 12:10 p.m. and a quorum of the Committee was present. Ms. Curry joined the meeting during the presentation of item 2.0.

- 1.0 Approval of Minutes of the September 18, 2017 Meeting** – The minutes of the September 18, 2017 meeting of the Audit & Finance Committee were presented. Mr. Comerford made a motion to approve the meeting minutes. The motion was seconded by Mr. Nasca and unanimously carried.

- 2.0 Draft 2017 BUDC Audited Financial Statements** – Ms. Profic introduced Barbara Danner and Laura Landers of Freed Maxick CPAs, P.C., who presented the draft 2017 audited consolidated financial statements for BUDC. The auditors are issuing an unmodified (i.e., clean) opinion that the financial statements present fairly, in all material respects, the financial position of BUDC, as of December 31, 2017, and the changes in its financial position and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States. No material weaknesses or control deficiencies were found during the course of the audit. Ms. Danner noted that there were no auditor adjustments and no uncorrected misstatements, which means that BUDC's monthly internal financial reports are accurate. Ms. Landers noted that the audit process included a single audit, which was required due to BUDC's receipt of federal grant funds in excess of \$750,000. The Committee discussed the draft financial statements at length. At the conclusion of the discussion, Mr. Nasca made a motion to recommend that the Board of Directors accept the 2017 draft audited consolidated financial statements. The motion was seconded by Mr. Comerford and unanimously carried.


- 3.0 Draft 2017 BBRF Audited Financial Statements** –Ms. Profic reviewed the draft 2017 financial statements for the Buffalo Brownfields Redevelopment Fund. It was noted that these

financial statements are being presented to the Committee for information purposes only, as ECIDA is the custodian for the Buffalo Brownfields Redevelopment Fund. The draft BBRF financial statements will be presented to the ECIDA Board for approval at its March meeting.

- 4.0 **2017 BBRF Reimbursement Request** –Ms. Profic presented a written summary of third party expenses that are proposed for reimbursement from the Buffalo Brownfields Redevelopment Fund (BBRF). Third party expenses for BLCP, RiverBend and the Northland Beltline are eligible for reimbursement from the BBRF. The total amount of third party expenses being requested for reimbursement is \$428,227, of which \$367,053 relates to Northland Beltline project expenses. Mr. Comerford made a motion to recommend that the Board of Directors approve the BBRF reimbursement request as set forth in the written expense summary. The motion was seconded by Mr. Nasca and unanimously carried.
- 5.0 **Investment & Deposit Policy – Amend & Adopt** – Ms. Profic presented the BUDC Investment and Deposit Policy. One change relating to the collateralization of deposits is proposed. Mr. Nasca made a motion to recommend that the Board of Directors approve the amended Investment and Deposit Policy as presented. The motion was seconded by Mr. Comerford and unanimously carried.
- 6.0 **2017 BUDC Investment Report** – Ms. Profic presented the 2017 Investment Report. Mr. Nasca made a motion to recommend that the Board of Directors approve the Investment Report in the form presented to the Committee and authorize submission of the report to the Authorities Budget Office. The motion was seconded by Ms. Curry and unanimously carried.
- 7.0 **Audit & Finance Committee Self-Evaluation** – Ms. Boudreau presented the Audit & Finance Committee self-evaluation. The Committee discussed the self-evaluation and the 2017 activities of the Committee. Mr. Comerford made a motion to approve the Committee self-evaluation in the form presented. The motion was seconded by Mr. Nasca and unanimously carried.
- 8.0 **Audit & Finance Committee Charter Review** – Mr. Cammarata presented the Amended and Restated Audit & Finance Committee Charter. No Committee action on this item is required. It was noted that the Committee had undertaken an extensive review of the charter during 2017 and that its recommended charter modifications were adopted by the Board of Directors.
- 9.0 **Audit & Finance Committee Training** – Ms. Profic circulated and reviewed with the Committee an article entitled "*How Audit Committees Can Help Deter Fraud*".
- 10.0 **2017 Property Report** – Mr. Cammarata presented the BUDC property report for the year ending December 31, 2017. The property report will be submitted to the Authorities Budget Office as part of the BUDC annual report.
- 11.0 **2017 ECIDA Salary Reimbursement Final Quarter Invoice** – Ms. Profic reviewed the March 9, 2018 invoices to BUDC and 683 Northland LLC detailing ECIDA staff time and costs charged to BUDC and 683 Northland LLC for 2017. BUDC was invoiced \$60,637.64. 683 Northland LLC was invoiced \$14,755.07.
- 12.0 **2017 ECIDA BBRP Grant Recap** – Ms. Profic reviewed with the Committee a written summary detailing BUDC's 2017 expenditures of the ECIDA grant to BUDC for the Buffalo Building Reuse Project.

- 13.0 2017 Regionally Significant Project Fund Recap** – Ms. Profic reviewed with the Committee a written summary of revenues and expenditures for the Regionally Significant Project Fund. The balance in the RSP fund as of December 31, 2017 is \$100,529.79.
- 14.0 2017 Summary of Legal Invoices** – Ms. Profic presented a summary of BUDC and 683 Northland LLC legal fees for 2017.
- 15.0 2017 Interns Expense** – Ms. Profic presented a summary identifying the 2017 expenses incurred by BUDC for its intern program.
- 16.0 Risk Mitigation Plan Update** – Mr. Cammarata presented the draft risk mitigation plan for the 683 Northland project. Mr. Penman recommended that BUDC staff identify regulatory audits as a risk. Mr. Cammarata requested that Freed Maxick review and provide comments to the plan as well. Once additional comments from Freed Maxick and other committee members are received, an updated plan will be presented to the Committee.
- 17.0 Northland Funding Update (ESD, NYPA, CDBG, Restore NY, Tax Credits)** – Mr. Cammarata provided an update on the ESD grants. A six million dollar grant for workforce training center equipment is in progress and will be reviewed at next week's Real Estate Committee next week. BUDC continues to draw down on ESD grants for the Northland project. Mr. Stebbins provided an update on the Restore NY IV grant. He reviewed a proposed \$1.9 million dollar grant agreement with the City of Buffalo. New York State will send its grant agreement to the City for final execution. Once that agreement is executed, BUDC and the City of Buffalo will execute a sub-grantee agreement. He also reported that BUDC may receive a five million dollar Restore NY V grant.
- 18.0 BBRP/BUDC Loan Program Update** – Ms. Merriweather updated the Committee regarding the BBRP loan program. There are currently two loans in the program, and both borrowers are current on their payments. Main & Cathedral paid off its loan in December. The Downtown Committee and the Loan Committee are considering modifications to the loan program structure to increase program utilization and efficiency. Mr. Nasca suggested that the committees include bankers in the discussions regarding program modifications. Ms. Merriweather noted that one option under consideration is to expand the geographic boundaries of the BBRP program. Ms. Merriweather also noted that the types of projects that are seeking funding are different from what was anticipated when the program was instituted. Fewer adaptive reuse projects are being submitted than was expected. Other matters under consideration include streamlining the underwriting standards and reducing the costs of the program. Ms. Merriweather indicated that the Downtown Committee and Loan Committee will hold joint meetings to continue the loan program review process.
- 19.0 Adjournment** – There being no further business to come before the Audit & Finance Committee, upon motion made by Mr. Comerford, seconded by Mr. Nasca and unanimously carried, the March 15, 2018 meeting of the Audit & Finance Committee was adjourned at 1:50 p.m.

Respectfully submitted,



Kevin J. Zanner, Secretary