

**Minutes of the
Audit & Finance Committee Meeting
Buffalo Urban Development Corporation
95 Perry Street
March 14, 2019
12:00 p.m.**

Call to Order:

Committee Members Present:

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

Committee Members Absent:

[None]

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: Barbara Danner, Freed Maxick CPAs, P.C.; Rebecca Gandour, City of Buffalo Office of Strategic Planning; Laura Landers, Freed Maxick CPAs, P.C.; and James (J.J.) Tighe, Ralph C. Wilson, Jr. Foundation.

Roll Call; Order of Business - 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. The presentation of item 9.0 followed the presentation and approval of the meeting minutes. The balance of the agenda was then presented in order. Ms. Curry joined the meeting during the presentation of item 2.0.

1.0 Approval of Minutes of the December 5, 2018 Meeting – The minutes of the December 5, 2018 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 2018 BUDC Audited Financial Statements – Ms. Profic introduced Barbara Danner and Laura Landers of Freed Maxick CPAs, P.C. Ms. Danner and Ms. Landers presented the draft 2018 audited consolidated financial statements for BUDC. Ms. Landers informed the Committee that Freed Maxick is issuing an unmodified (i.e., clean) opinion that the consolidated financial statements present fairly, in all material respects, the financial position of BUDC, as of December 31, 2018 and 2017, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. She noted that no material weaknesses or control deficiencies were found during the course of the audit, and there were no auditor adjustments and no uncorrected misstatements. The auditors then reviewed the consolidated financial statements in detail with the Committee, with Ms. Landers focusing on BUDC and Ms. Danner focusing on 683 Northland LLC. In response to a question from Mr. Nasca relating to the repayment of the KeyBank bridge loan and the timing of BCP tax credits, Ms. Danner indicated that 683 Northland LLC will be submitting for the BCP tax credits within the next few weeks. Ms. Danner also reviewed the Schedule of Qualified Rehabilitation Expenditures (QREs) for 683 Northland LLC for the period ending December 31,

2018. Ms. Danner concluded her presentation by reviewing the 2018 683 Northland Master Tenant, LLC draft audited financial statements, which are presented for information purposes only. Following the auditor’s presentation, 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 2018 BUDC draft audited consolidated financial statements. The motion was seconded by Mr. Comerford and unanimously carried.

3.0 Draft 2018 683 Northland Master Tenant, LLC Audited Financial Statements – This item was reviewed during the presentation of item 2.0.

4.0 Draft 2018 BBRF Audited Financial Statements – Ms. Landers reviewed the draft 2018 financial statements for the Buffalo Brownfields Redevelopment Fund. 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 Committee then asked BUDC executive staff to step out of the meeting so that the Committee could briefly discuss the 2018 audit process directly with BUDC’s auditors. Upon the conclusion of that discussion, the Committee Chair invited executive staff to re-join the meeting. Mr. Penman then reported on a recommendation made by the auditors to meet with the BUDC finance team and the Audit & Finance Committee in the Fall to develop an audit plan, which would then be implemented when the auditors begin their audit work in January of 2020. He also commended the BUDC finance team for their work on the 2018 audit.

5.0 2018 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 Buffalo Lakeside Commerce Park, RiverBend, the Northland Beltline and 308 Crowley are eligible for reimbursement from the BBRF. The total amount of third party expenses being requested for reimbursement is \$419,785, of which \$300,510 relates to Northland Beltline project expenses. Ms. Profic noted that the amount requested for reimbursement does not include nearly \$300,000 in ESD grant application fees—those fees were previously authorized by the Board of Directors for payment from the BBRF. 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 Ms. Burruss and unanimously carried.

6.0 Investment and Deposit Policy - Ms. Profic presented the BUDC Investment and Deposit Policy. Mr. Nasca made a motion to recommend that the Board of Directors approve the Investment and Deposit Policy as presented. The motion was seconded by Mr. Comerford and unanimously carried.

7.0 2018 BUDC Investment Report – Ms. Profic presented the 2018 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 Mr. Comerford and unanimously carried.

8.0 2018 Audit & Finance Committee Self-Evaluation – Ms. Boudreau presented the Audit & Finance Committee self-evaluation. The Committee discussed the self-evaluation and the 2018 activities of the Committee. Ms. Curry made a motion to approve the Committee self-evaluation in the form presented. The motion was seconded by Ms. Burruss and unanimously carried.

9.0 Downtown Waterfront Grant – Mr. Stebbins reported that Mayor Brown and the Office of Strategic Planning have requested that BUDC become more engaged in downtown waterfront planning and development activities. To that end, BUDC has submitted an application to the Ralph C. Wilson, Jr. Foundation for 2.8 million dollars in grant funding to enhance both BUDC and the City’s capacity to manage this development activity and to successfully implement the design and construction of the recently renamed the Ralph C. Wilson, Jr. Centennial Park. The grant funds will

be disbursed over a period of three years, and includes funding for BUDC to hire a project manager. Mr. Stebbins then introduced James (J.J.) Tighe, Director of the Parks & Trails Initiative for the Wilson Foundation. Mr. Tighe expressed that this grant is the first step in the Foundation's partnership with the City and BUDC and that the Foundation is looking forward to working with its partners on the Centennial Park project. He also commented on the importance of sustainability, and noted that a portion of the grant funding will be passed through to the City to engage a consultant to prepare a City-wide sustainability financial model. The Committee discussed the proposed grant and BUDC becoming more involved in waterfront development activities. At the conclusion of the discussion, Mr. Comerford made a motion to recommend that the Board of Directors accept a 2.8 million dollar grant from the Ralph C. Wilson Jr. Foundation for the downtown waterfront and Ralph C. Wilson Jr. Centennial Park project, and to enter into appropriate agreements with the City of Buffalo to pass through its intended share of the grant. The motion was seconded by Ms. Burruss and unanimously carried.

- 10.0 Audit & Finance Committee Charter Review** – Mr. Cammarata presented the Audit & Finance Committee Charter. No changes to the charter were recommended by executive staff. Mr. Comerford made a motion to approve the charter in the form presented. The motion was seconded by Mr. Nasca and unanimously carried.
- 11.0 Audit & Finance Committee Training** - Ms. Profic circulated and reviewed with the Committee an article entitled “*Overseeing the External Auditors,*” a publication authored by PricewaterhouseCoopers LLP.
- 12.0 2018 Property Report** - Mr. Cammarata presented the BUDC property report for the year ending December 31, 2018. The property report will be submitted to the Authorities Budget Office as part of the BUDC annual report. In response to a question from Mr. Comerford, Mr. Cammarata updated the Committee regarding the 308 Crowley property, which BUDC acquired during 2018.
- 13.0 Regionally Significant Project (RSP) Fund Update** - Presentation of this item was deferred until the next meeting of the Committee.
- 14.0 Funding Updates (Northland Specific and ECIDA Related)** - Ms. Profic presented a brief update regarding funding for multiple Northland Beltline projects and ECIDA funding relating to the Buffalo Building Reuse Program.
- 15.0 BBRP/BUDC Loan Program** – Ms. Profic and Ms. Merriweather presented the March 14, 2019 BBRP Loan Status Report, copies of which were circulated to the Committee. Ms. Profic reported that the balloon payment for the Phoenix Brewery Apartments loan was due at the end of February, and that the Loan Committee has scheduled a meeting for later this month to review the borrower's request for a one-year extension to repay the loan. Ms. Merriweather then reviewed the status of several loans that are in the pipeline. She noted that the Sinclair project will be discussed at the next Loan Committee meeting. Ms. Merriweather then reported on the issuance of the first quarter request for proposals for BBRP loan program funding. Responses are due March 29th.
- 16.0 Adjournment** – Prior to adjournment, Mr. Cammarata presented a brief update and commented on the closure of GiGi's restaurant at 683 Northland. BUDC will issue a request for proposals for a successor restaurant operator. There being no further business to come before the Committee, upon motion made by Ms. Curry, seconded by Mr. Comerford and unanimously carried, the March 14, 2019 meeting of the Audit & Finance Committee was adjourned at 2:25 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kevin J. Zanner", written over a horizontal line.

Kevin J. Zanner, Secretary