

Buffalo Urban Development Corporation

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Audit & Finance Committee Meeting

Monday, September 19th, 2016, Noon

BUDC Offices, 4th Floor, 95 Perry St.

Agenda

1. Approval of Minutes of March 16, 2016 Meeting *(Action) (Enclosure)*
2. 2017 BUDC Draft Budget *(Action) (Enclosure)*
3. Brownfield Fund Analysis *(Information)*
4. BBRP / BUDC Loan Program Update *(Information)*
5. Adjournment *(Action)*

**Minutes of the
Audit & Finance Committee Meeting
Buffalo Urban Development Corporation
95 Perry Street
Buffalo, New York
March 16, 2016
12:00 p.m.**

Call to Order:

Committee Members Present:

James W. Comerford
Woodrow W. Maggard
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
Andrew Schoeppich, Treasurer
Kevin J. Zanner, Secretary
Mollie Profic, Assistant Treasurer

Guests Present: Dawn Boudreau, ECIDA Compliance Officer; Sara Dayton, Lumsden & McCormick LLP; Seth Hennard, Lumsden & McCormick LLP; and Patricia Smith, ECIDA.

Roll Call: The roll of Committee members was called at 12:10 p.m. and a quorum was determined to be present.

- 1.0 Approval of Minutes of the September 18, 2015 Meeting** – The minutes of the September 18, 2015 meeting of the Audit & Finance Committee were presented. Mr. Maggard made a motion to approve the meeting minutes. The motion was seconded by Mr. Comerford and unanimously carried.

- 2.0 Draft 2015 BUDC Audited Financial Statements** – Sara M. Dayton and Seth D. Hennard of Lumsden & McCormick, LLP presented the draft 2015 audited financial statements. Ms. Dayton reported that Lumsden & McCormick, LLP is issuing an "unmodified" (i.e., clean) opinion that the financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2015 and the changes in financial position and cash flows for the year, in conformity with accounting principles generally accepted in the United States. The Committee discussed the draft financial statements. At the conclusion of the discussion, Mr. Maggard made a motion to recommend that the Board of Directors accept the 2015 draft audited financial statements. The motion was seconded by Mr. Comerford and unanimously carried.

- 3.0 Draft 2015 BBRF Audited Financial Statements** – Ms. Dayton reviewed the draft 2015 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 2015 BBRF Reimbursement Request** – Mr. Schoeppich presented the written summary of third party expenses that are proposed for reimbursement from the Buffalo Brownfields Redevelopment Fund (BBRF). Copies of the written expense summary were included in the meeting agenda packet circulated in advance of the meeting. Mr. Schoeppich noted that third party expenses for BLCP, RiverBend and the Northland Corridor are eligible for reimbursement from the BBRF. The total amount of third party expenses being requested for BLCP, RiverBend and the Northland Corridor is \$332,566. The Committee discussed the reimbursement request. In response to a question from Mr. Penman, Mr. Schoeppich indicated that annual BBRF revenues are approximately \$450,000, but will diminish over time as the PILOT arrangements with Cobey, CertainTeed and Sonwil wind down.
- At the conclusion of the discussion, Mr. Maggard made a motion to recommend that the Board of Directors authorize reimbursement from the BBRF for 2015 third party costs incurred by BUDC for the BLCP, RiverBend and Northland Corridor projects in the amount of \$332,566, as detailed in the written expense summary presented to the Audit & Finance Committee. The motion was seconded by Mr. Comerford and unanimously carried.
- 5.0 Investment & Deposit Policy Re-adoption** – Mr. Schoeppich presented the BUDC Investment and Deposit Policy. No changes to the policy were proposed. Mr. Maggard made a motion to recommend that the Board of Directors re-adopt the Investment and Deposit Policy in its current form without changes. The motion was seconded by Mr. Comerford and unanimously carried.
- 6.0 2015 BUDC Investment Report** – Mr. Schoeppich presented the 2015 Investment Report. Mr. Stebbins noted that the custodial account for the BBRP loan fund will be maintained by the Excelsior Growth Fund as the loan fund custodian. Mr. Penman commented on the importance of transparency with respect to the tracking of dollars flowing in and out of the BBRP loan fund. There being no further discussion, Mr. Maggard 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.
- 7.0 Audit & Finance Committee Charter Review** – Mr. Cammarata presented the Audit & Finance Committee Charter. No changes to the Charter were proposed. Mr. Comerford made a motion to re-adopt the Charter in its current form without changes. The motion was seconded by Mr. Maggard and unanimously carried.
- 8.0 Audit & Finance Committee Self-Evaluation** – Ms. Boudreau presented the Audit & Finance Committee self-evaluation. The Committee discussed the self-evaluation and the 2015 activities of the Committee. No changes were proposed. Mr. Maggard made a motion to approve the Committee self-evaluation in the form presented. The motion was seconded by Mr. Comerford and unanimously carried.
- 9.0 Audit & Finance Committee Training** – The Committee reviewed and discussed an article published in the New York Business Law Journal entitled "*Considerations for Audit Committee Members*", copies of which were included in the meeting agenda packet circulated in advance of the meeting.
- 10.0 Cell Phone Policy Amendment** - Mr. Penman reviewed with the Committee a proposed amendment to the cell phone policy. It was noted that the proposed amendment would result in a modest increase in the biweekly amount to be reimbursed to BUDC executive employees for business cell phone expenditures. After a brief

discussion, Mr. Comerford made a motion to approve the amended cell phone policy. The motion was seconded by Mr. Maggard and unanimously carried.

- 11.0 **2015 ECIDA Salary Reimbursement Invoice** – Mr. Schoepich circulated a copy of the January 22, 2016 invoice to BUDC detailing the ECIDA staff time and costs charged to BUDC for the 2015. The amount due is \$38,914.24, which is a slight increase over the prior year.
- 12.0 **2015 ECIDA BBRP Grant Recap** – Mr. Schoepich reviewed with the Committee a written summary detailing BUDC's 2015 expenditures of the ECIDA grant to BUDC for the Buffalo Building Reuse Project. Less than \$2000 of the 2015 grant remains unexpended.
- 13.0 **2015 Summary of Legal Invoices** – Mr. Schoepich presented a summary of BUDC's legal fees for 2015. Mr. Schoepich noted that net legal costs in 2015 were lower than 2014 because of the settlement of the Ship Canal Commons construction contract dispute, which resulted in BUDC being reimbursed \$32,000 in previously incurred legal costs.
- 14.0 **2015 Interns Expense** – Mr. Cammarata presented a summary identifying the expenses incurred by BUDC for its intern program. He commented on the success of the intern program and its role in BUDC operations.
- 15.0 **2015 Property Report** – Mr. Cammarata presented the BUDC property report for the year ending December 31, 2015. The property report will be submitted to the Authorities Budget Office as part of the BUDC annual report.
- 16.0 **2015 Internal Controls Audit Report Update** – Ms. Boudreau presented an update on the 2015 internal controls audit. The audit will be completed within the next few weeks. Thus far, no material weaknesses have been found.
- 17.0 **BBRP/BUDC Loan Program Update** – Ms. Merriweather presented a brief report regarding the BBRP loan program. The loan for the Phoenix Brewery building project is scheduled to close later today. The deadline for applications to participate in the BBRP loan program for this calendar quarter is March 31st.
- 18.0 **Adjournment** – There being no further business to come before the Audit & Finance Committee, upon motion made by Mr. Maggard, seconded by Mr. Comerford and unanimously carried, the March 16, 2016 meeting of the Audit & Finance Committee was adjourned at 1:15 p.m.

Respectfully submitted,



Kevin J. Zanner, Secretary

Buffalo Urban Development Corporation ("BUDC")
2017 Budget

REVENUE	Budget 2017	Projected 2016	YTD July 2016	Actual 2015
Grant Revenue				
NYPA	\$ 14,000,000	\$ -	\$ -	\$ -
ESD (Phases 2 and 3)	13,000,000	1,851,564	1,034,908	4,956,829
National Grid - Brownfield	300,000	-	-	152,245
National Grid - Urban Corridor Program	500,000	1,000	-	13,472
National Grid - Strategic Marketing	5,000	-	-	-
ECIDA	75,000	76,555	59,313	120,292
Other	-	-	-	285
Gross Proceeds from Land Sales	200,000	-	-	-
Less: Cost of Land Sales	(195,330)	-	-	-
Buffalo Brownfield Fund Revenue (net)	471,000	475,000	226,766	490,779
Regionally Significant Project Fund (net)	18,000	22,000	6,813	21,518
Rental Income	20,000	-	-	-
Interest Income & Fees - Loans	168,735	62,654	33,422	17,994
Investment Interest Income	8,000	6,838	3,989	6,138
Other Income	-	12,275	12,275	53,479
Total	28,570,405	2,507,886	1,377,485	5,833,031
OPERATING EXPENSES				
Property Operations & Maintenance	(104,000)	(441,691)	(257,653)	(151,142)
Less: Property Owners' Association	15,000	-	-	-
Legal	(115,000)	(120,000)	(67,655)	(165,622)
Insurance	(109,000)	(127,500)	(79,029)	(108,382)
Marketing	(55,000)	(25,753)	(15,023)	(35,470)
Utilities	(75,000)	(21,323)	(12,439)	(10,303)
Misc.	(13,000)	(2,311)	(1,348)	(3,650)
Consultants	(250,000)	(490,380)	(286,055)	(602,355)
General Development Expenses	(505,000)	(500,044)	(26)	(2,169)
Personnel Costs	(426,400)	(402,749)	(234,937)	(387,069)
Interns	(25,000)	(18,426)	(10,749)	(21,693)
Rent	(18,809)	(18,779)	(10,954)	(18,767)
ECIDA Management Fee	(42,000)	(42,000)	(24,500)	(38,637)
Audit	(11,400)	(12,150)	(12,150)	(11,900)
General & Administrative	(30,000)	(43,036)	(25,104)	(41,310)
Depreciation	(118,500)	(118,500)	(85,356)	(146,325)
Total	(1,883,109)	(2,384,643)	(1,122,978)	(1,744,794)
Net Income / (Loss)	\$ 26,687,296	\$ 123,244	\$ 254,507	\$ 4,088,237
CAPITAL/LOAN FUND BUDGET				
Property Acquisition	(27,050,000)	-	-	(4,243,827)
Leasehold improvements & equipment	-	-	-	(19,527)
CASH FLOW ADJUSTMENTS				
Cost of Land Sales	170,330	-	-	-
Depreciation	118,500	118,500	85,356	146,325
Principal Repayments - loans	-	-	-	750,000
Net Cash Increase/(Decrease)	\$ (73,874)	\$ 241,744	\$ 339,863	\$ 721,207

Buffalo Urban Development Corporation 2017 Budget - Project Detail

	BLCP*	BBRP**	Northland Corridor	Corporate Operations	Total
REVENUE					
Grant Revenue					
NYPA			\$ 14,000,000		\$ 14,000,000
ESD (Phases 2 and 3)			13,000,000		13,000,000
National Grid - Brownfield			300,000		300,000
National Grid - Urban Corridor Program		250,000	250,000		500,000
National Grid - Strategic Marketing		5,000			5,000
ECIDA		75,000			75,000
Gross Proceeds from Land Sales	200,000				200,000
Less: Cost of Land Sales + closing costs	(195,330)				(195,330)
Buffalo Brownfield Fund Revenue (net)				471,000	471,000
Regionally Significant Project Fund (net)				18,000	18,000
Rental Income			20,000		20,000
Interest Income & Fees - Loans		163,375		5,360	168,735
Investment Interest Income				8,000	8,000
Total	4,670	493,375	27,570,000	502,360	28,570,405
OPERATING EXPENSES					
Property Operations & Maintenance	(59,000)		(45,000)		(104,000)
Less: Property Owners' Association	15,000				15,000
Legal	(25,000)	(15,000)	(40,000)	(35,000)	(115,000)
Insurance	(14,000)		(75,000)	(20,000)	(109,000)
Marketing	(5,000)	(25,000)	(15,000)	(10,000)	(55,000)
Utilities			(75,000)		(75,000)
Misc.	(3,000)	(10,000)			(13,000)
Consultants			(250,000)		(250,000)
General Development Expenses	(5,000)	(250,000)	(250,000)		(505,000)
Personnel Costs		(98,235)		(328,166)	(426,400)
Interns				(25,000)	(25,000)
Rent				(18,809)	(18,809)
ECIDA Management Fee				(42,000)	(42,000)
Audit				(11,400)	(11,400)
General & Administrative		(5,000)		(25,000)	(30,000)
Depreciation			(117,500)	(1,000)	(118,500)
Total	(96,000)	(403,235)	(867,500)	(516,374)	(1,883,109)
Net Income / (Loss)	(91,330)	90,140	26,702,500	(14,014)	26,687,296
CAPITAL/LOAN FUND BUDGET					
Property Acquisition			(27,050,000)		(27,050,000)
Equipment					-
Total			(27,050,000)		(27,050,000)
CASH FLOW ADJUSTMENTS					
Cost of Land Sales	170,330				170,330
Depreciation			117,500	1,000	118,500
Net Cash Increase/(Decrease)	\$ 79,000	\$ 90,140	\$ (230,000)	\$ (13,014)	\$ (73,874)
Composed of:					
Net increase in Buffalo Brownfields Fund					125,000
Net increase in RSP Fund					18,000
Net decrease in Operating account/Downtown Fund					(216,874)
					<u>\$ (73,874)</u>

* Buffalo Lakeside Commerce Park

** Buffalo Building Reuse Project

BUDC - Brownfield Fund Analysis

As of 8/31/2016

6/30/16 balance:	\$ 2,006,470
Reimbursement of grant fees:	(103,885)
Clark Patterson & Lee (paid to City of Buffalo):	(10,442)
Certainteed Corp:	135,045
Less Certainteed Corp. remittance:	(67,523)
Cobey, Inc.:	81,027
Less Cobey, Inc. remittance:	(40,514)
Sonwil Distribution Center:	146,929
Less Sonwil Distribution Center remittance:	(58,772)
Interest:	361
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Projected balance:	<u><u>\$ 2,088,697</u></u>