

**Minutes of the Joint Meeting  
of the  
Finance & Audit and  
Governance Committees  
of  
Buffalo Urban Development Corporation  
143 Genesee Street  
September 20, 2011  
12:00 p.m.**

**Call to Order:**

**Finance & Audit Committee Members Present:**

James W. Comerford  
Kathy Konst  
Woodrow W. Maggard  
Andrew J. Rudnick

**Finance & Audit Committee Members Absent:**

Dennis M. Penman

**Governance Committee Members Present:**

Catherine M. Braniecki  
Darren E. Kempner  
Andrew J. Rudnick

**Governance Committee Members Absent:**

Hon. Byron W. Brown  
Thomas A. Kucharski  
Dennis M. Penman

**Officers Present:**

Peter M. Cammarata, President  
David A. Stebbins, Vice President  
Andrew Schoeppich, Treasurer  
Kevin J. Zanner, Secretary

**Others Present:** Dawn Boudreau, ECIDA Compliance Officer.

**Roll Call:** The Secretary called the roll of the members of the Finance & Audit and Governance Committees at 12:25 p.m. A quorum of the Finance & Audit Committee was determined to be present. A quorum of the Governance Committee was not present.

**1.0 Approval of Minutes of the Joint Governance and Finance & Audit Committee Meeting**

– The minutes of the August 22, 2011 joint meeting of the Governance and Audit & Finance Committees were presented to the Finance & Audit Committee. It was noted that Mr. Kempner was present at the August 22<sup>nd</sup> meeting, and that the minutes should be amended accordingly. Upon motion made by Ms. Konst, seconded by Mr. Maggard and unanimously carried, the minutes of the August 22, 2011 meeting, as amended, were approved by the Finance & Audit Committee.

The approval by the Governance Committee of the August 22, 2011 minutes of the joint meeting of the Governance and Audit & Finance Committees was deferred until the next meeting of the Governance Committee.

**2.0 Banking RFP Recommendation** – Mr. Schoeppich presented his September 20, 2011 memorandum to the Finance & Audit Committee regarding the banking services request for proposals. Mr. Schoeppich reported that a joint BUDC/ECIDA staff committee

is recommending the selection of First Niagara Bank to provide banking, cash management and investment services to BUDC. He outlined the interest rate and other details of the proposal submitted by First Niagara Bank. The Committee then discussed the proposed contract award to First Niagara Bank.

There being no further discussion, upon motion made by Mr. Maggard, seconded by Ms. Konst and unanimously carried, it was resolved, that the Finance & Audit Committee recommend to the Board of Directors that the Board approve the selection of First Niagara Bank to provide banking, cash management and investment services to BUDC.

- 3.0 2011 Year-End Audit Proposal** – Mr. Schoepich presented the proposal from Toski, Schaefer & Co., P.C. to provide auditing services for the period ending December 31, 2011. Mr. Schoepich noted that the Toski firm is presently working under a three year contract which includes two one-year options. Last year, BUDC authorized the continuance of the auditor's services under the first of the two one-year options. The proposal before the Finance & Audit Committee would authorize a renewal of the auditor's services for the second of the one-year options. Next year, a request for proposals for auditing services will be jointly conducted with ECIDA.

Upon motion made by Mr. Comerford, seconded by Mr. Maggard and unanimously carried, it was resolved, that the Finance & Audit Committee recommend that the Board exercise the option to retain Toski, Schaefer and Co., P.C. to perform auditing services for 2011.

- 4.0 2011 Internal Controls Assessment Proposal** – Mr. Schoepich presented a proposal from Toski, Schaefer & Co., P.C. to perform an internal controls audit for the period ending December 31, 2011. Mr. Schoepich noted that BUDC has in the past relied upon the internal controls audit conducted for ECIDA because nearly identical controls are in place for both BUDC and ECIDA. However, the position of the Authorities Budget Office is that separate internal controls audits are required for public authorities. Mr. Schoepich noted that the cost of the internal controls audit is \$3900.00.

Upon motion by Mr. Maggard, seconded by Ms. Konst and unanimously carried, it was resolved, that the Finance & Audit Committee recommend to the Board that Toski, Schaefer and Co., P.C. be retained to perform an internal controls audit for the 2011 fiscal year.

- 5.0 2012 Draft Budget Initial Review** – Mr. Cammarata reported that staff recently met to discuss the proposed 2012 budget. He then asked Mr. Schoepich to present to the Finance & Audit Committee the initial proposed 2012 budget for BUDC. Mr. Schoepich circulated the proposed 2012 budget, including a breakdown of the proposed budget on a project by project basis. Mr. Schoepich noted that the principal assumption in the budget is that a land sale at BLCP of approximately \$500,000 will take place during 2012. Mr. Cammarata then briefly updated the Committee regarding recent discussions with a prospect that has signed a non-binding letter of intent to purchase a ten acre site at BLCP.

Mr. Schoepich explained that the proposed budget will utilize funding from the Buffalo Brownfields Redevelopment Fund (BBRF). He noted that once Buffalo Lakeside Commerce Park (BLCP) is completed later this year, BUDC is permitted under the terms of the BBRF agreement to use BBRF funds for similar projects in the City of Buffalo, including RiverBend. He also noted that the budget includes the use of BBRF funds to pay for expenses relating to ongoing maintenance and similar costs for Buffalo Lakeside Commerce Park. Mr. Schoepich indicated that it is unclear under the BBRF agreements whether BUDC could use BBRF funds for BLCP expenses after completion of the infrastructure improvements at BLCP, or whether such funds were restricted for use on


other similar projects in City of Buffalo. Mr. Zanner responded that the BBRF agreement could be interpreted both ways, but noted that the definition of eligible projects costs in the agreement is broad, and that nothing in the BBRF specifically prohibits BUDC from using BBRF funds at BLCP after completion of BLCP. He also noted that BUDC has an ongoing obligation under the agreement to market the lots at BLCP, which is an item specifically identified in the agreement as an eligible project cost.

Mr. Schoepich then reported on the establishment of a separate payroll for BUDC, to be effective January 1, 2012. He noted that this change was made in response to a recent opinion of the New York State Comptroller which indicates that industrial development agencies are not permitted to use IDA employees to staff local development corporations.

Mr. Schoepich next reviewed a proposed operating cash budget for 2012-2015. He noted that the Sonwil and Bank of America loans will be paid off during 2013 resulting in less cash inflow to BUDC. In response to a question from Dr. Rudnick, Mr. Schoepich indicated that the proposed cash budget does not include revenue from the BBRF for reimbursable expenses, nor does it include any land sales. It was noted that BUDC would need to sell approximately \$500,000 in land each year under the projections for 2013 and 2014 in order for BUDC to maintain a positive net operating cash inflow. Mr. Cammarata noted that the budget will be reviewed again at the next meeting of the Finance & Audit Committee, which will be scheduled to take place before the October Board meeting.

- 6.0 National Grid E.D. Programs Relationship Update** – Mr. Cammarata reported that National Grid has decided to implement a direct grant disbursement model for its grants programs. BUDC had served as a pass-through agent for a number of National Grid grants, but will cease doing so once the current grants have been disbursed.
- 7.0 Strategic Planning Session Update** – Mr. Cammarata briefly updated the Committees regarding the upcoming strategic planning sessions, noting that staff recently met with Larry Mietus, the strategic planning facilitator who will participate in both sessions.
- 8.0 BUDC/BERC Merger Update** – Mr. Cammarata reported that the merger transition team has not met and that staff is waiting to hear from BERC on scheduling a meeting. Dr. Rudnick commented on the importance of having at least one meeting take place prior to the strategic planning sessions that are scheduled to take place later this month and early next month.
- 9.0 Adjournment** – There being no further business to come before the Finance & Audit Committee and Governance Committee, upon motion made by Mr. Comerford, seconded by Mr. Maggard and unanimously carried, the joint meeting of the Finance & Audit and Governance Committees adjourned at 1:10 p.m.

Respectfully submitted by:

  
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Kevin J. Zanner, Secretary