

**Buffalo Urban Development Corporation**

143 Genesee Street  
Buffalo, New York 14203

phone: 716-856-6525  
fax: 716-856-6754  
web: [buffalourbandevelopment.com](http://buffalourbandevelopment.com)



**Buffalo Urban Development Corporation  
MEETING NOTICE**

*Joint Meeting of the BUDC Finance & Audit Committee & BUDC Governance Committee is scheduled  
for:*

**Wednesday February 22, 2012**

**at**

**8:30 a.m.**

**at the Offices of the**

**ECIDA/BUDC**

**143 Genesee Street**

Please confirm your attendance plans with Carrie Hocieniec (856-6525 ext 136) or e-mail:  
[chocieni@ecidany.com](mailto:chocieni@ecidany.com) as soon as possible.

• Hon. Byron W. Brown, Chairman of the Board • Dennis Penman, Vice Chairman • Peter M. Cammarata, President • David A. Stebbins, Vice President  
• Andrew Schoeppich, Treasurer • Kevin J. Zanner, Secretary •

**Buffalo Urban Development Corporation is an affiliated organization of the Erie County Industrial Development Agency**

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# Joint Audit & Finance and Governance Committee Meeting

Wednesday, February 22, 2012, 8:30 A.M.  
BUDC/ECIDA Offices - 143 Genesee Street

## Agenda

1. Approval of Minutes – Meeting of January 18, 2012 *(Action) (Enclosure)*
2. A & F – Phase IV Project Updates
  - Bridge Loan Status *(Action)*
  - Verification of Project Costs (Project Audit) *(Information) (Encl.)*
3. A & F – BUDC/ECIDA Lease Term Sheet *(Action) (Enclosure)*
4. A & F – 2011 Draft Internal Financial Statements & Year-End Audit *(Info.) (Encl.)*
5. A & F – 2011 Summary of Legal Invoices *(Information) (Enclosure)*
6. A & F – 2011 RiverBend O & M Detail *(Information) (Enclosure)*
7. A & F – West Genesee Hotel (Hyatt) Contingent Note Update *(Information)*
8. A & F – Bank of America Bank Account Issue *(Information)*
9. Governance – Board Member Vacancies & New Board Structure *(Action)*
10. Governance – New Board Member Orientation *(Information)*
11. Governance – Employee Manual Update *(Information)*
12. Governance – 2011 Mission Statement & Performance Measurements *(Info.) (Encl.)*
13. Governance – Board Self-Evaluation Update *(Information)*
14. Governance – Upcoming ABO/PARIS Compliance Issues *(Information)*
15. Joint – Buffalo Building Reuse Project Update *(Information)*
16. Joint - BUDC / BERC Merger Update *(Information)*
17. Adjournment *(Action)*

**Minutes of the Joint Meeting  
of the  
Finance & Audit and  
Governance Committees  
of  
Buffalo Urban Development Corporation  
143 Genesee Street  
January 18, 2012  
8:30 a.m.**

**Call to Order:**

Finance & Audit Committee Members Present:      Finance & Audit Committee Members Absent:

James W. Comerford  
Woodrow W. Maggard  
Dennis M. Penman  
Andrew J. Rudnick

None.

Governance Committee Members Present:      Governance Committee Members Absent:

Catherine M. Braniecki  
Dennis M. Penman  
Andrew J. Rudnick

Hon. Byron W. Brown  
Thomas A. Kucharski

Officers Present:

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

**Roll Call:** The Secretary called the roll of the members of the Finance & Audit Committee and the Governance Committee at 8:30 a.m. and a quorum of both Committees was determined to be present.

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

**Minutes** – The minutes of the December 9, 2011 joint meeting of the Governance and Finance & Audit Committees were presented to the members of the Governance and Finance & Audit Committees. Upon motion made by Dr. Rudnick, seconded by Mr. Penman and unanimously carried, the minutes of the December 9, 2011 joint meeting were approved by the Governance Committee and the Finance & Audit Committee.

**2.0 Finance & Audit – Committee Self-Evaluation** – Mr. Cammarata circulated self-evaluation forms to the Finance & Audit Committee members, which were then reviewed and discussed by the Committee. At the conclusion of the discussion, Mr. Penman made a motion to approve the Finance & Audit Committee self-evaluation. Mr. Penman's motion was seconded by Mr. Comerford and was unanimously carried.

**3.0 Finance & Audit – Insurance Coverage Update** – Mr. Cammarata updated the Finance & Audit Committee regarding the 2012 insurance policies that are in effect for BUDC, including the new employment-related insurance coverages that went into effect as a result of BUDC establishing a payroll on January 1, 2012.

- 4.0 Finance & Audit – Budget/Cash Flow Review** – Mr. Cammarata commented that the report on this item would be deferred until the next meeting of the Committee due to Mr. Schoepich's absence. Dr. Rudnick then asked about the status of the NYSDOS BOA grant and commented on the importance of obtaining the grant funds quickly. Mr. Stebbins responded that staff has been in contact with Senator Timothy Kennedy's office about expediting the grant approval process.
- 5.0 Finance & Audit – Employee Compensation Matter** – Dr. Rudnick reported on a recommendation from the President that the Vice President's salary be increased by 5% for 2012 instead of the 3% increase previously authorized by the Finance & Audit Committee for 2012. He noted that the purpose of the increase is to compensate the Vice President for the increased responsibilities arising from the Buffalo Building Reuse project that the Vice President will be handling in addition to his current responsibilities with BUDC. Dr. Rudnick also noted that the salary adjustment would result in a slight budget adjustment for 2012. The Committee members acknowledged the importance of the Buffalo Building Reuse project to BUDC and recognized that the Vice President would have increased responsibilities meriting an increase in compensation. At the conclusion of the discussion, Mr. Penman made a motion to increase the 2012 salary of the Vice President by 5%. The motion was seconded by Mr. Comerford and was unanimously carried.
- 6.0 Finance & Audit – 2012 Educational Article** – Mr. Cammarata circulated to the Finance & Audit Committee members an article regarding executive compensation, and he encouraged the members to review the article as part of their obligation to remain informed regarding their duties as Finance & Audit Committee members.
- 7.0 Governance – Committee Self-Evaluation** – Mr. Cammarata circulated self-evaluation forms to the Governance Committee members, which were then reviewed and discussed by the Committee. At the conclusion of the discussion, Mr. Penman made a motion to approve the Governance Committee self-evaluation. Mr. Penman's motion was seconded by Dr. Rudnick and was unanimously carried.
- 8.0 Governance – Strategic Planning Summary Report** – Mr. Cammarata reviewed the December 30, 2011 summary report prepared by Lawrence Mietus regarding the Board of Directors strategic planning sessions held September and October of 2011. The Committee then discussed the report. Dr. Rudnick commented that the format of the report was too brief and did not document the consensus reached by the entire Board that BUDC should expand its mission to take on additional tasks through the Buffalo Building Reuse project and the proposed merger with BEREC.
- 9.0 Governance – Creation of BUDC Downtown Committee** – Dr. Rudnick led a discussion regarding the Buffalo Building Reuse project (BBRP) and BUDC's role as the managing entity for BBRP initiatives. Dr. Rudnick reported that the BBRP report will be issued this Friday and that a press conference will be held to announce the project recommendations. The Committee then discussed modifications to BUDC's governance structure, including the formation of a "Downtown Committee" that would be responsible for BBRP initiatives. At the conclusion of the discussion, Dr. Rudnick made a motion to recommend that the BUDC Board form a Downtown Committee. The motion was seconded by Mr. Penman and was unanimously carried.
- 10.0 Governance – New Board Member Fontana and Other Board Vacancies** – Mr. Cammarata noted that Richard Fontana will serve as a member of the BUDC Board as a result of his election as Common Council President. The Committee also discussed the recent resignation of Sundra Ryce from the Board, and the consensus of the Committee was that Ms. Ryce's Board seat should remain vacant until BUDC's annual meeting in June.

- 11.0 Governance – 2011 Board Meeting Attendance Report** – Mr. Cammarata circulated a report to the Governance Committee regarding the attendance record of each Board member for 2011. The report will be included as part of BUDC's annual report submitted to the Authorities Budget Office. Mr. Cammarata noted that overall Board attendance was very good, and he commended Dr. Rudnick for having perfect attendance in 2011.
- 12.0 Governance – Employee Manual Update** – Mr. Cammarata reported that staff recently received the initial draft of the employee manual from Paychex. The next step is to have legal counsel review the manual, and Mr. Cammarata will coordinate that work with Mr. Zanner.
- 13.0 Governance – Upcoming ABO/PARIS Compliance Issues** – Mr. Cammarata identified a number of ABO/PARIS compliance matters that staff is working on, including the annual report, the Board self-evaluation process and mission statement and measurements report. Mr. Zanner then updated the Governance Committee regarding a recent amendment to the Open Meetings Law which will go into effect in early February of 2012 and advised on compliance with the new legislation.
- 14.0 Joint – BUDC/ECIDA Employee Transition Agreements** – Mr. Cammarata circulated copies of the fully executed employee transition agreements which were authorized by the Board at the last meeting of the Board.
- 15.0 Joint – Potential Procurement of a Lobbyist** – Mr. Stebbins reported on communications with Senator Timothy Kennedy's office and efforts to expedite the receipt of the NYSDOS BOA grant funds.
- 16.0 Joint – Buffalo Building Reuse Project Update** – The Committees reviewed this item as part of item 9.0 and elected to defer further discussion until the next Committee meeting.
- 17.0 Joint – BUDC/BERC Merger Update** – Mr. Cammarata reported that BUDC presented to BERC a proposed agreement to manage BERC's real estate and conduct a real estate portfolio evaluation. A request for proposals will be issued for the portfolio evaluation within the next thirty to sixty days. Mr. Penman commented that Michael Ervin of Freed Maxick has been retained by BERC to handle day-to-day financial management and to prepare final financial statements. The goal is to complete the merger by July 1<sup>st</sup>. However, it was noted that a number of items, including third party consents and approvals, are needed before the merger can be completed.
- 18.0 Adjournment** – There being no further business to come before the Finance & Audit Committee and the Governance Committee, upon motion made by Mr. Penman, seconded by Mr. Comerford and unanimously carried, the joint meeting of the Finance & Audit and Governance Committees adjourned at 9:50 a.m.

Respectfully submitted by:

  
Kevin J. Zanner, Secretary

ITEM # a

**DRAFT COPY  
FOR DISCUSSION PURPOSES ONLY**

**BUFFALO URBAN DEVELOPMENT  
CORPORATION**

**Independent Accountants' Report on  
Applying Agreed-Upon Procedures**

**January 9, 2012**

**TOSKI & CO., P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

**DRAFT COPY**  
FOR DISCUSSION PURPOSES ONLY

300 ESSJAY ROAD, STE. 115  
WILLIAMSVILLE, NY 14221  
(716) 834-0700

14 CORPORATE WOODS BLVD.  
ALBANY, NY 12211  
(518) 935-1089

**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPOPN PROCEDURES**

January 9, 2012

Mr. Peter Cammarata  
President  
Buffalo Urban Development Corporation  
275 Oak Street, Suite 150  
Buffalo, New York 14203

Re: Buffalo Lakeside Commerce Park Capital, Project #W968  
Verification of Project Costs

We have performed the procedures enumerated below, which were agreed to by the Buffalo Urban Development Corporation (the Company) and Empire State Development Corporation (ESD) (collectively the specified parties), solely to assist ESD in determining whether cost expenditures were incurred in a manner established by the project documents as follows:

Initial Disbursement - documentation of infrastructure related project costs totaling \$10 million. Expenditures must be incurred on or after October 13, 2009 to be considered eligible project costs.

Second Disbursement - documentation of an additional \$2,745,250 in infrastructure related project expenditures for an aggregate total of \$12,745,250. Expenditures must be incurred on or after October 13, 2009 to be considered eligible project costs.

Management is responsible for Buffalo Urban Development Corporation's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Our procedures and findings are as follows:

1. Obtained the attached "Statement of Actual Costs" for the Project (Buffalo Lakeside Commerce Park Capital, Project #W968) prepared by the Company.
2. Agreed the total per the Statement of Actual Costs to the Company's financial accounting records.

3. For costs and expenses appearing on the Statement of Actual Costs, we selected a sample for detailed testing of underlying transactions. We determined materiality to be \$91,500 which resulted in 88% of invoices selected for testing.
4. For each asset or expense item selected, we obtained the supporting documentation, such as purchase orders, receiving reports, invoices and cancelled checks as deemed appropriate. We obtained supporting documentation which consisted of cancelled checks, approved AIA construction draw documents, invoices, memorandums, correspondence, contracts and other documents.
5. We examined the supporting documentation for sampled items, noting the invoice, date, invoice number and invoice amount. We agreed the dollar amount on the invoice to the Company's financial accounting records and the Statement of Actual Costs.
6. For each invoice examined, we obtained the related wire transfer documentation, if applicable, and check date, number, and amount. We agreed the wire transfer amount to the vendor invoice amount.
7. For each asset or expense item selected, we determined that such sampled item is a capital expense in accordance with applicable state and federal law.

Exceptions noted: All amounts selected qualified as a capital expenditures. However, the Company is the managing agent for the "land portion" of the construction project. As managing agent the Company recorded costs incurred from vendors to a payable account, with an offsetting entry to a receivable account (i.e. amount due funding agency). The Company would subsequently remit payment to the vendor for costs incurred, once funds were received from the funding agency.

The Company recorded the transactions in this manner as additional amounts recorded to the capital account would not have resulted in value in excess of the prevailing market for improved land. The Company, in concert with the various funding agencies, determined that this method reflected the economic substance of the transactions. The amount of costs that were recorded in this matter amounted to \$6,778,814.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Mr. Peter Cammarata  
January 9, 2012  
Page 3

This report is intended solely for the information and use of the specified parties and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

TOSKI & CO., CPAs, P.C.

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**FOR DISCUSSION PURPOSES ONLY**

Ronald C. Toski, CPA  
Managing Director

RCT:das

Enclosure

BUFFALO LAKESIDE COMMERCE PARK  
New York State Capital Grant  
Project #W968

Project Cost Summary

BLCP Phase IV Road and Infrastructure	\$ 3,358,300
BLCP Parcel 3 Infrastructure	<u>7,616,340</u>
	\$ <u>10,974,640</u>

## EXHIBIT F: CAPITAL GRANT PAYMENT REQUISITION FORM

Note to Grantee: Do not re-type this form. Fill in only the version included in the executed GDA.

Ms. Jean Bly, Project Manager  
 Empire State Development Corporation  
 95 Perry Street, Suite 500  
 Buffalo, New York 14203-3030

RE: Buffalo Lakeside Commerce Park Capital, Project #W968

Dear Ms. Bly:

Enclosed please find our request for payment/reimbursement, in the amount of \$ 1,200,000.

ESDC funds may be applied by Grantee in payment or reimbursement of the following costs:

Minimum Expense Incurred (per Exhibit E)		*See Below				
Employment Goals (per Exhibit E)	Eligible Expenses	A: Actual Costs Incurred (this request)	B: ESDC Share (this request)	C: Cumulative Amount Previously Received from ESDC	D: Grant Amount (Cumulative if multi-year grant)	E: (D-C-B) Grant Balance Remaining
N/A	Infrastructure Costs <sup>(a)</sup>	10,979,640	1,200,000	0	\$ 1,200,000	0
N/A	Infrastructure Costs <sup>(b)</sup>				1,240,000	1,240,000
TOTAL		10,979,640	1,200,000	0	\$ 2,440,000	1,240,000

(a) Documentation of \$10 million in infrastructure related project expenditures.

(b) Documentation of an additional \$2,745,250 in infrastructure related project expenditures for an aggregate total investment of \$12,745,250.

### CERTIFICATION

I hereby warrant and represent to the Empire State Development Corporation ("ESDC") that:

- 1) To the best of my knowledge, information and belief, the expenditures for which the Buffalo Urban Development Corporation is seeking payment and/or reimbursement comply with the requirements of the Agreement between ESDC and the Buffalo Urban Development Corporation, are eligible expenses, and that the payment and/or reimbursement of expenditures for which it is seeking payment and/or reimbursement from ESDC does not duplicate reimbursement or disbursement of costs and/or expenses from any other source. These findings will be subject to audit by ESDC's Internal Audit Department
- 2) I have the authority to submit this invoice on behalf of the Buffalo Urban Development Corporation. The project, or portion thereof for which this invoice relates, has been completed in the manner outlined in the Agreement.
- 3) I hereby attach the following documents for ESDC approval, in support of this requisition:
  - Exhibit F-1: Financial Condition Documentation
  - Exhibit F-2: Project Cost Documentation
  - Exhibit F-3: Equity Expenditure Documentation
- 4) There has been no adverse material change in the financial condition of the Grantee, except as disclosed in writing to ESDC, from the date of submission of the Application to the date hereof.

Signature: *David A. Stebbins*

Date: 1/10/2012

Print Name: DAVID A. STEBBINS

Title: VICE PRESIDENT

NEW YORK STATE URBAN DEVELOPMENT CORPORATION  
d/b/a EMPIRE STATE DEVELOPMENT CORPORATION  
Buffalo Lakeside Commerce Park Capital, Project Number W968

**EXHIBIT F-3**  
**EQUITY EXPENDITURES AFFIDAVIT**

STATE OF NEW YORK     )  
                                  ) ss.:  
COUNTY OF ERIE     )

The Undersigned, being duly sworn, deposes and says:

1. I, DAVID A. STEBBINS, am the VICE PRESIDENT of BUFFALO URBAN DEVELOPMENT (the "Grantee"), a corporation that is duly organized and validly existing under the laws of NEW YORK, and is authorized to do business and is in good standing in the State of New York.

2. I have read and know the contents of a certain Grant Disbursement Agreement (the "Agreement") executed by and between New York State Urban Development Corporation d/b/a Empire State Development Corporation ("ESD") and the Grantee dated the 12<sup>th</sup> day of DECEMBER, 2010.

3. After having read and reviewed the Agreement, invoices and payments relating thereto, statements of cost and equity, and such other documents as I consider necessary to render the certifications contained herein, I do certify, both individually and on the Grantee's behalf, that the equity\* expenditures by the Grantee were incurred in the manner set forth in the Agreement and such expenditures were equal to or greater than NINE MILLION SEVEN HUNDRED SEVENTY FOUR THOUSAND SIX HUNDRED FORTY Dollars (\$9,774,640).

4. I make this affidavit and the certifications contained herein to induce ESD to disburse the grant under the terms of the Agreement, knowing that ESD will rely on the statements contained herein. I am aware that the swearing of a false oath is a Class A misdemeanor and may be a Class E felony.

\*equity amount refers to the Grantee's share of the project cost, not the total project cost, and should not include financing from other sources.

David A. Stebbins  
Signature

Subscribed and sworn to before me  
this 26 day of January, 2012

Dawn M. Boudreau  
Notary Public  
DAWN M. BOUDREAU  
NOTARY PUBLIC, STATE OF NEW YORK  
QUALIFIED IN ERIE COUNTY  
My Commission Expires May 27, 2015

**LEASE TERM SHEET**  
**(PORTION OF 143 GENESEE STREET, BUFFALO, NEW YORK)**

<b>Tenant:</b>	Buffalo Urban Development Corporation and its affiliates (BUDC)
<b>Landlord:</b>	Erie County Industrial Development Agency (ECIDA)
<b>Net Leasable Area:</b>	Initially: two offices (total approx. 310 sq ft) but may be expanded to include a total of up to three offices and three cubicles based on tenant requirements, but subject to availability and as designated in the attached map. Note: In the event the ECIDA's proposed office improvements in the expanded area have not commenced, the ECIDA will require sixty (60) days written notice prior to BUDC leasing the expanded area.
<b>Term:</b>	The term of the Agreement shall continue unless and until any party delivers a notice of termination to the other party with at least ninety (90) days written notice.
<b>Rent:</b>	Initially: \$12 per square foot (Approx. \$3,720 per year or \$310 per month). Upon expansion: \$12 per square foot (based on office/cubicle space utilized including adjoining common area space utilized as designated in the attached map). Rent payable quarterly, in advance.
<b>Operating Costs:</b>	<p>Base rent <b>includes</b> the following operating costs: gas; electric, phone service (excluding long-distance), internet service, janitorial services, security, trash removal, building maintenance; lawn/landscaping/snowplowing; sewer assessment; parking lot maintenance, pest control. Landlord is also responsible for capital improvements to roof and exterior of structure.</p> <p>Base Rent does <b>not</b> include the following: Tenant improvement costs, Tenant insurance, unless mutually agreed upon in writing.</p>
<b>Shared Services</b>	<p>Tenant would have ability to utilize ECIDA Finance, H/R, Compliance, Facilities Management, Administrative, I/T support, reception and other staff on an "as needed" basis subject to staff availability and ECIDA priority (as determined by ECIDA).</p> <p>Shared services would be charged based on hours charged at an hourly fee based on OMB Circular A-87 rules.</p>
<b>Shared Facilities</b>	Tenant would have availability to utilize Board room (subject to attendance limits/parking availability/restrictions), meeting rooms and other common areas subject to availability and ECIDA priority.
<b>Shared Equipment</b>	Tenant would have availability to utilize ECIDA phones, photocopiers and postage machines subject to availability and ECIDA priority. The ECIDA would be reimbursed for the cost of large mailings or large copy runs.
<b>Shared Furniture</b>	Tenant would be able to use existing ECIDA furniture, partitions and cubicles subject to availability and ECIDA priority.
<b>Escalation:</b>	Rent would increase by 10% at the commencement of every fourth anniversary.

<b>Parking:</b>	Parking for more than two staff is expected to be obtained from offsite parking facilities unless additional parking is available onsite (as determined by ECIDA and/or Enterprise Charter School, as applicable).
<b>Security Deposit:</b>	Not required.
<b>Tenant Improvements:</b>	No Landlord Tenant Allowance provided. Premises rented 'as is'. Any tenant improvements require the prior approval of the ECIDA. Upon termination of this lease, the tenant may be required to return the space back to its original condition at its own cost.
<b>Insurance:</b>	Tenant to maintain at least \$2 million in general liability insurance naming ECIDA as an additional insured. Tenant to also maintain an adequate amount of property insurance to insure BUDC property located at 143 Genesee Street.
<b>Information Technology</b>	BUDC to purchase new computers including related software plus servers (as necessary) required to service BUDC and its employees. In the interim, BUDC to utilize current ECIDA-owned computers and servers.
<b>Professional Atmosphere</b>	BUDC will be required to conduct its operations in a professional manner consistent with the ECIDA operations.
<b>Other Reimbursable Expenses</b>	BUDC will reimburse ECIDA for any other expenses incurred by ECIDA on behalf of BUDC  BUDC will also reimburse ECIDA for any damage caused by BUDC to ECIDA furniture, equipment or facilities that is not due to normal wear and tear.

**Buffalo Urban Development Corp**  
**Financial Statements**  
as of December 31, 2011

**Buffalo Urban Development Corp**  
**Balance Sheet**  
as of December 31, 2011

	Dec 2011	Nov 2011	Dec 2010
<b>Assets</b>			
Cash*	\$ 158,785	\$ 390,021	\$ 514,849
Buffalo Brownfields Redevelopment Fund **	242,486	87,546	663,471
Bridge Loan Deposit account ***	730,908	730,663	-
Regionally Significant Project Fund ****	25,428	25,464	23,282
Loans receivable, net of allowance for doubtful loans ( Note 2)	264,373	291,815	519,330
Accrued Interest Receivable	398	717	717
Prepaid/Deferred Expenses	66,974	63,973	93,939
Grant Receivable	4,256,600	2,623,600	2,944,000
Other Receivables	990,375	980,518	1,151,600
Capitalized Land Development Costs - BLCP	3,996,668	3,996,668	3,996,668
Capitalized Land Development Costs - RiverBend	5,399,018	4,915,228	4,713,950
	<u>16,132,211</u>	<u>14,106,212</u>	<u>14,621,804</u>
<b>Liabilities and Net Assets</b>			
<b>Liabilities:</b>			
Accounts Payable and Accrued Expenses	\$ 801,399	\$ 289,404	\$ 424,051
Security Deposit	-	-	2,500
Due to ECIDA	242,231	217,743	109,554
Bridge Loan	2,298,860	2,289,987	-
Promissory Note Payable	257,381	257,381	257,381
Deferred Grant Income	1,385,476	551,069	2,420,592
Total Liabilities	<u>4,985,347</u>	<u>3,605,584</u>	<u>3,214,078</u>
<b>Net Assets</b>	11,146,864	10,500,628	11,407,726
	<u>16,132,211</u>	<u>14,106,212</u>	<u>14,621,804</u>

\* Cash is invested in a money market account at Bank of America. The maximum FDIC insured amount is \$250,000, with the remainder collateralized (secured) with eligible securities by Bank of America.

\*\* The Buffalo Brownfields Redevelopment Fund is held by the ECIDA on behalf of BUDC for the Buffalo Lakeside Commerce Park. The fund is invested in a money market savings account at KeyBank. The maximum FDIC insured amount for this and the other ECIDA KeyBank accounts is \$250,000, with the remainder collateralized (secured) with eligible securities by KeyBank.

\*\*\* The Bridge Loan Deposit Account was funded from the Buffalo Brownfields Redevelopment Fund. The funds are invested in a money market savings account at KeyBank and secure the KeyBank Bridge Loan. The maximum FDIC insured amount is \$250,000, with the remainder collateralized (secured) with eligible securities by KeyBank.

\*\*\*\* The Regionally Significant Project Fund is held by the ECIDA on behalf of BUDC for economic development and planning goals established by the BUDC Board. The fund is invested in a money market savings account at KeyBank. The maximum FDIC insured amount for this and the other ECIDA KeyBank accounts is \$250,000, with the remainder collateralized (secured) with eligible securities by KeyBank.

**Buffalo Urban Development Corp**  
**Income Statement**  
Year Ended December 2011

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Yr.	Variance
<b>Revenue:</b>						
Grant Revenue	\$ 2,891,896	1,857,000	\$ 1,034,896	\$ 2,891,896	\$ 664,408	\$ 2,227,488
Buffalo Brownfield Fund revenue (net)	646,293	644,000	2,293	646,293	714,321	(68,028)
Regionally Significant Fund revenue (net)	23,750	22,750	1,000	23,750	23,191	559
Rental Income	5,000	-	5,000	5,000	25,000	(20,000)
Interest Income - Loans	18,886	19,824	(938)	18,886	26,331	(7,446)
Int: Interest Income - Investments	2,475	500	1,975	2,475	849	1,625
Other Income	5,927	1,000	4,927	5,927	715	5,212
<b>Total Revenue</b>	<b>3,594,226</b>	<b>2,545,074</b>	<b>1,049,152</b>	<b>3,594,226</b>	<b>1,454,816</b>	<b>2,139,410</b>
<b>Expenses:</b>						
<u>Development Projects (Note 1):</u>						
(1) Buffalo Lakeside Commerce Park	\$ 3,207,665	\$ 1,805,067	\$ 1,402,598	\$ 3,207,665	\$ 1,077,005	\$ 2,130,660
(2) RiverBend	823,405	1,079,000	(255,595)	823,405	131,284	692,121
Less: capitalized development costs	(685,068)	(950,000)	264,932	(685,068)	(5,088)	(679,980)
(3) Canalside	-	-	-	-	14,347	(14,347)
(4) Downtown Projects	-	-	-	-	46,000	(46,000)
Loss/(Gain) on Land Sales	-	-	-	-	-	-
Personnel Costs	342,781	293,000	49,781	342,781	296,472	46,308
Audit	7,700	8,100	(400)	7,700	7,700	-
Interest Expense	55,309	38,430	16,879	55,309	-	55,309
Amortization of debt issue costs	44,826	-	44,826	44,826	-	44,826
Management and General Expenses	58,471	55,500	2,971	58,471	61,709	(3,238)
<b>Total Expenses</b>	<b>3,855,088</b>	<b>2,329,097</b>	<b>1,525,991</b>	<b>3,855,088</b>	<b>1,629,429</b>	<b>2,225,659</b>
<b>Net Income/(Loss)</b>	<b>\$ (260,862)</b>	<b>\$ 215,977</b>	<b>\$ (476,839)</b>	<b>\$ (260,862)</b>	<b>\$ (174,613)</b>	<b>\$ (86,248)</b>

**Buffalo Urban Development Corp**  
**Notes to Financial Statements**  
Year to Date:

<b>Note 1: Development Project Expenses</b>	<b>Dec 2011</b>	<b>Nov 2011</b>	<b>Dec 2010</b>
(1) Buffalo Lakeside Commerce Park			
General Development Exp	3,007,613	2,699,500	759,914
Consultants/Construction	136,931	113,482	223,605
Environmental Insurance	19,276	17,669	19,276
Operations & Maintenance	15,065	11,871	24,213
Legal	17,498	9,558	9,913
Property Insurance	7,932	7,268	7,903
ESDC grant costs	-	-	25,362
Marketing	3,350	-	5,973
General & Admin Expenses	-	-	846
	<u>3,207,665</u>	<u>2,859,350</u>	<u>1,077,005</u>
(2) RiverBend			
Operations & Maintenance	122,193	105,782	108,350
Property Insurance	16,145	14,643	17,846
Legal (capitalized)	1,278	1,278	4,610
Consultants (capitalized)	683,790	200,000	-
General Development Exp (capitalized)	-	-	478
	<u>823,405</u>	<u>321,703</u>	<u>131,284</u>
Less: Costs Capitalized	<u>(685,068)</u>	<u>(201,278)</u>	<u>(5,088)</u>
	<u>138,337</u>	<u>120,425</u>	<u>126,196</u>
(3) Canalside			
General Development Expenses	-	-	14,347
	<u>-</u>	<u>-</u>	<u>14,347</u>
(4) Downtown Projects			
Consultants	-	-	20,000
Grant to BBRC	-	-	26,000
	<u>-</u>	<u>-</u>	<u>46,000</u>
<b>Total Development Projects</b>	<u><u>3,346,002</u></u>	<u><u>2,979,774</u></u>	<u><u>1,263,548</u></u>

<b>Note 2: Loans Receivable</b>	<b>Dec 2011</b>	<b>Nov 2011</b>	<b>Dec 2010</b>
Loans Receivable:			
Bank of America	\$ 119,329	\$ 126,079	\$ 198,862
Sonwil Distribution	145,043	165,736	320,467
Main/Seneca of Western New York, Inc.	536,000	536,000	536,000
Less:			
Due to City of Buffalo	(536,000)	(536,000)	(536,000)
Allowance for Doubtful Loans	-	-	-
<b>Total Loans Receivable</b>	<u><u>\$ 264,373</u></u>	<u><u>\$ 291,815</u></u>	<u><u>\$ 519,330</u></u>

**Buffalo Urban Development Corporation**  
**Summary of Legal Invoices**  
Year Ended 12/31/11

Description	2011	2010
BUDC Corporate Matters	\$ 12,750.00	\$ 20,493.65
BLCP Park Association Matters	9,544.20	
BLCP General Matters	6,660.00	6,948.00
Strategic Planning & BERC Merger Matters	6,029.06	12,610.05
Sale of 255 Ship Canal Parkway	2,844.00	
Transfer of Sherlan Parcel to BLCP-1, LLC	1,294.00	
Riverbend Commerce Park General Matters	1,278.00	4,610.25
Employment & Personnel Matters	1,004.00	
Purchase of Hydroponics property		450.00
200 Ship Canal Parkway S/O to Savarino		432.00
Purchase of 602 Fourth Street Bflo,NY		216.00
	<u>\$ 41,403.26</u>	<u>\$ 45,759.95</u>
2011 Budget	\$ 40,000.00	

**Buffalo Urban Development Corporation**  
**Summary of Legal Invoices**  
Year Ended 12/31/11

Date	Description	Total	1480	6050	6053/1901	6051	6052
			Deferred	BLCP	Riverbend	Downtown Projects	Other
2/15/2011	BUDC-Corporate Matters	\$ 738.60					\$ 738.60
3/9/2011	BUDC-Corporate Matters	\$ 1,119.70					\$ 1,119.70
4/18/2011	BUDC-Corporate Matters	\$ 1,856.10					\$ 1,856.10
5/16/2011	BUDC-Corporate Matters	\$ 893.90					\$ 893.90
6/9/2011	BUDC-Corporate Matters	\$ 2,196.00					\$ 2,196.00
7/15/2011	BUDC-Corporate Matters	\$ 1,854.60					\$ 1,854.60
8/10/2011	BUDC-Corporate Matters	\$ 488.60					\$ 488.60
9/15/2011	BUDC-Corporate Matters	\$ 648.00					\$ 648.00
10/18/2011	BUDC-Corporate Matters	\$ 697.40					\$ 697.40
11/9/2011	BUDC-Corporate Matters	\$ 239.90					\$ 239.90
12/12/2011	BUDC-Corporate Matters	\$ 271.20					\$ 271.20
1/13/2012	BUDC-Corporate Matters	\$ 1,746.00					\$ 1,746.00
3/11/2011	BLCP General Matters	\$ 720.00		\$ 720.00			
4/18/2011	BLCP General Matters	\$ 630.00		\$ 630.00			
6/9/2011	BLCP General Matters	\$ 432.00		\$ 432.00			
7/15/2011	BLCP General Matters	\$ 468.00		\$ 468.00			
8/10/2011	BLCP General Matters	\$ 450.00		\$ 450.00			
9/15/2011	BLCP General Matters	\$ 1,026.00		\$ 1,026.00			
10/18/2011	BLCP General Matters	\$ 2,088.00		\$ 2,088.00			
12/12/2011	BLCP General Matters	\$ 54.00		\$ 54.00			
1/13/2012	BLCP General Matters	\$ 792.00		\$ 792.00			
7/15/2011	BLCP Park Association Matters	\$ 450.00		\$ 450.00			
10/18/2011	BLCP Park Association Matters	\$ 2,400.30		\$ 2,400.30			
11/10/2011	BLCP Park Association Matters	\$ 3,003.60		\$ 3,003.60			
12/12/2011	BLCP Park Association Matters	\$ 3,492.30		\$ 3,492.30			
1/13/2012	BLCP Park Association Matters	\$ 198.00		\$ 198.00			
2/15/2011	Riverbend Commerce Park General Matters	\$ 612.00			\$ 612.00		
5/17/2011	Riverbend Commerce Park General Matters	\$ 360.00			\$ 360.00		
6/9/2011	Riverbend Commerce Park General Matters	\$ 306.00			\$ 306.00		
4/18/2011	Sale of 255 Ship Canal Parkway	\$ 2,844.00	\$ 2,844.00				
10/18/2011	Strategic Planning & BERC Merger Matters	\$ 1,350.00					\$ 1,350.00
11/9/2011	Strategic Planning & BERC Merger Matters	\$ 3,329.06					\$ 3,329.06
12/12/2011	Strategic Planning & BERC Merger Matters	\$ 882.00					\$ 882.00
1/13/2012	Strategic Planning & BERC Merger Matters	\$ 468.00					\$ 468.00
12/12/2011	Transfer of Sherlan Parcel to BLCP-1, LLC	\$ 394.00		\$ 394.00			
1/13/2012	Transfer of Sherlan Parcel to BLCP-1, LLC	\$ 900.00		\$ 900.00			
1/13/2012	Employment & Personnel Matters	\$ 1,004.00					\$ 1,004.00
		<b>41,403.26</b>	<b>2,844.00</b>	<b>17,498.20</b>	<b>1,278.00</b>	<b>-</b>	<b>19,783.06</b>

**Buffalo Urban Development Corp**  
**Account Detail - Fiscal 2011**  
**Account # 6176 - Operations & Maintenance - Riverbend**

Vendor		Date	Debits	Credits	Net
<b>Taxes &amp; Sewer Assessments</b>					
A/P 1063	City of Buffalo - User Fee	Invoice: #G10698750	18-Apr	55.40	
A/P 1063		Invoice: #G10519335	18-Apr	32.91	
A/P 1063		Invoice: #G10480300	18-Apr	36.34	
A/P 1063		Invoice: #G10480300	8-Aug	19.19	
A/P 1063		Invoice: #G10369900	8-Aug	32.91	
				<u>176.75</u>	<u>176.75</u>
<b>Utilities</b>					
A/P 1080	National Grid	invoice: #6557554137	13-Jan	168.10	
A/P 1080		invoice: #4497554153	13-Jan	60.72	
A/P 1080		invoice: #1263158033	24-Jan	286.80	
A/P 1080		Invoice: #6557554137	8-Feb	169.38	
A/P 1080		Invoice: #4497554153	8-Feb	98.78	
A/P 1080		invoice: #1263158033	28-Feb	301.69	
A/P 1080		Invoice: #5681190004	7-Mar	6.00	
A/P 1080		Invoice: #4497554153	7-Mar	87.12	
A/P 1080		invoice: #6557554137	7-Mar	162.90	
A/P 1080		Invoice: #4497554153	5-Apr	187.98	
A/P 1080		invoice: #6557554137	5-Apr	158.61	
A/P 1080		invoice: #1263158033	5-Apr	265.72	
A/P 1080		invoice: #5681190004	15-Apr	822.32	
A/P 1080		Invoice: #6557554137	15-Apr	190.33	
A/P 1080		invoice: #1263158033	19-Apr	295.91	
A/P 1080		Invoice: #4497554153	9-May	72.78	
A/P 1080		invoice: #5681190004	9-May	154.97	
A/P 1080		Invoice: #1263158033	24-May	296.66	
A/P 1080		invoice: #5681190004	15-Jun	543.07	
A/P 1080		Invoice: #1263158033	7-Jul	309.82	
A/P 1080		Invoice: #5681190004	7-Jul	354.30	
A/P 1080		Invoice: #1263158033	31-Aug	165.39	
A/P 1080		Invoice: #1263158033	29-Sep	227.48	
A/P 1080		Invoice: #5681190004	7-Oct	424.53	
A/P 1080		Invoice: #0737686001	27-Oct	35.72	
A/P 1080		Invoice: #1263158033	27-Oct	170.35	
A/P 1080		Invoice: #5681190004	9-Nov	246.94	
A/P 1080		Invoice: #1263158033	23-Nov	47.65	
A/P 1080		Invoice: #0737686001	8-Dec	10.25	
A/P 1080		Invoice: #5681190004	15-Dec	311.72	
A/P 1080		Invoice: #1263158033	21-Dec	220.84	
A/P 1080		Invoice: #0737686001	29-Dec	36.20	
C/R 60	NATIONAL GRID 290 ABBY St. Ov/Pd		13-May		816.04
GEN J/E# 100	Reverse security deposit returned for 197 Baraga		31-Jul	390.00	
GEN J/E# 118	Reverse opening 1/1/11 credit balances on Natio		31-Aug	298.37	
GEN J/E# 200	Reverse accrued liabilities balance set up at 12/3		31-Dec		258.46
GEN J/E# 88	Reverse remaining A/P set up at 12/31/2010		30-Jun		228.82 *
GEN J/E# 201	Set-up accrued liabilities balance owing at 12/31/		31-Dec	295.11	
GEN J/E# 220	Accrue Nt'l Grid Invoice - 290 Abby owing at 12/3		31-Dec	10.04	
GEN J/E# 214	Set-up A/P at 12/31/11		31-Dec	358.01 **	
A/P 1090	National Fuel	Invoice: #649899510	15-Mar	75.04	
A/P 1090		Invoice: #649899510	5-Apr	117.39	
A/P 1090		invoice: #649899510	9-May	107.57	
A/P 1090		Invoice: #649899510	8-Jun	88.82	
A/P 1090		Invoice: #649899510	11-Jul	68.78	
A/P 1090		Invoice: #649899510	4-Aug	65.57	
A/P 1090		Invoice: #649899510	8-Sep	367.58	
A/P 1090		Invoice: #649899510	7-Oct	73.31	
A/P 1090		Invoice: #649899510	9-Nov	68.27	
A/P 1090		Invoice: #649899510	8-Dec	122.57	
GEN J/E# 204	Recognize credit on 197 Baraga Street National F		31-Dec		775.29
GEN J/E# 186	Reverse security deposit for National Fuel for 197		31-Dec	1,000.00	
A/P 1097	Division of Water	Invoice: #04370260	26-Jan	97.42	
A/P 1097		Invoice: #04370260	20-Apr	97.93	
A/P 1097		Invoice: #04370260	25-Jul	98.03	
A/P 1097		Invoice: #04370260	7-Oct	93.43	
A/P 1097		Invoice: #04370260	21-Dec	99.88	
GEN J/E# 88	Reverse remaining A/P set up at 12/31/2010		30-Jun		97.42 *
				<u>10,884.15</u>	<u>2,176.03</u>
					<u>8,708.12</u>

**Operations, Monitoring and Maintenance**

A/P 1104	Turn Key	Invoice: #5559 6176 /	7-Feb	11,355.00		
A/P 1104		invoice: #5537 6176 /	7-Feb	8,000.00		
A/P 1104		invoice: #5581 6176 /	28-Feb	8,000.00		
A/P 1104		invoice: #5607 6176 /	15-Mar	8,000.00		
A/P 1104		invoice: #5638 6176 /	19-Apr	1,400.00		
A/P 1104		Invoice: #5639 6176 /	19-Apr	8,000.00		
A/P 1104		Invoice: #5674 6176 /	24-May	8,000.00		
A/P 1104		Invoice: #5698 6176 /	21-Jun	8,000.00		
A/P 1104		invoice: #5746 6176 /	4-Aug	8,000.00		
A/P 1104		Invoice: #5766 6176 /	23-Aug	8,000.00		
A/P 1104		Invoice: #5794 6176 /	29-Sep	7,820.00		
A/P 1104		Invoice: #5831 6176 /	17-Oct	7,820.00		
A/P 1104		invoice: #5876 6176 /	15-Dec	7,820.00		
A/P 1104		invoice: #5909 6176 /	21-Dec	15,640.00		
GEN JE#20		Reverse A/P set up at 12/31/2010	28-Feb		8,000.00	
GEN JE#20		Reverse A/P set up at 12/31/2010	28-Feb		7,338.50	
GEN J/E# 81		Recognize payment of Tunkey tar removal & dral	30-Jun	10,198.68		
A/P 1105	Westwood Landscaping	invoice: #3351 6176 /	24-Jan	340.00		
A/P 1105		Invoice: #3363 6176 /	18-Feb	100.00		
GEN J/E# 88		Reverse remaining A/P set up at 12/31/2010	30-Jun		340.00 *	
A/P 1140	Seneca Fence	invoice: 4/11/11 6176 /	24-May	920.00		
A/P 1162	Verizon	Invoice: 11/25/11 6176	8-Dec	439.17		
A/P 1162		Invoice: 10/25/2011	8-Dec	363.72		
GEN J/E# 214		Set-up A/P at 12/31/11	31-Dec	717.07	**	
A/P 1066		Invoice: PO#9405 #7451	29-Sep	52.49		
				<u>128,986.13</u>	<u>15,678.50</u>	<u>113,307.63</u>

Total a/c# 6176 122,192.50

\* Original Entry of \$666.24 split for purposes of schedule into various vendors

\*\* Original Entry of \$1,075.08 split for purposes of schedule into various vendors

# Buffalo Urban Development Corporation (BUDC)

## *2011 Mission Statement and Performance Measurements*

Date Adopted: March 29, 2011

### **BUDC Mission Statement:**

The mission of Buffalo Urban Development Corporation is to support the urban economic development efforts of the region through acquisition, remediation and management of distressed properties, and to engage in related real estate development activities for the purpose of attracting and/or retaining new and existing businesses to the City as part of the region.

### **BUDC Performance Measurements:**

*Goal: To reclaim fallow and distressed land for future development.*

*Objective A:* Identify prospective areas for reclamation and engage in appropriate planning processes for future development.

Measurement: Number of acres included in specific land development plans.

Result: Approximately 200 acres at RiverBend.

*Objective B:* Prepare land for development through remediation and infrastructure construction.

Measurement: Number of acres remediated to shovel-ready condition.

Result: Approximately 50 acres at Buffalo Lakeside Commerce Park (BLCP).

Measurement: Number of linear feet of road and utility infrastructure constructed.

Result: Approximately 2,000 linear feet constructed at BLCP.

*Goal: To attract and/or retain new and existing businesses to the City and region.*

*Objective A:* Market properties as an urban alternative for new construction of light manufacturing, distribution and office facilities.

Measurement: Number of prospects interested in purchasing land.

Result: Four (4) prospects at BLCP.

Measurement: Construct infrastructure amenities to enhance the marketability of the properties.

**Result:** Twenty-two (22) acre recreational park constructed at BLCP.

**Objective B:** Support the economic development efforts of the City of Buffalo Office of Strategic Planning with the task of expanding or relocating businesses in the City.

**Measurement:** Number of parcels of land in or added to marketable inventory.

**Result:** Six (6) parcels added to inventory of sixteen (16).

**Measurement:** Number of businesses contacted.

**Result:** Over two dozen businesses contacted.

**Goal:** *To effectively manage property, development projects and initiatives.*

**Objective A:** Engage in all aspects of productive property management including marketing, leasing, maintenance, etc.

**Measurement:** Keep property related costs within budget.

**Result:** Property related costs within budget at BLCP and RiverBend.

**Objective B:** Support development projects by working with regional utility companies to include their grant programs in local initiatives. Package other economic development incentives to enhance the marketability of properties.

**Measurement:** Number of projects assisted.

**Result:** Six (6) projects assisted.

**Measurement:** Total dollar value of utility grants obtained for local projects.

**Result:** \$443,000 in utility grants obtained.