

BUFFALO URBAN DEVELOPMENT CORPORATION

Property Disposition Guidelines

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The Buffalo Urban Development Corporation (“BUDC”) is required by Section 2896 of the Public Authorities Law to adopt by resolution comprehensive guidelines regarding the use, awarding, monitoring and reporting of contracts for the disposal of Property (as defined herein). The following guidelines (the “Guidelines”) are adopted pursuant to such requirement and are applicable with respect to the use, awarding, monitoring and reporting of all Property Disposition Contracts which are (i) entered into by BUDC or (ii) solicited or awarded by BUDC on behalf of any subsidiary of BUDC (a “BUDC Subsidiary”).

ARTICLE I **DEFINITIONS**

1. “Contracting Officer” shall mean the officer of BUDC who shall be appointed by resolution of the Board of Directors of BUDC to be responsible for the disposition of Property.
2. “Dispose” or “disposal” or “disposition” shall mean the transfer of title or any other beneficial interest in Property from BUDC or a BUDC Subsidiary to any unrelated third party.
3. “Property” shall mean personal property in excess of Five Thousand Dollars (\$5,000.00) in value, real property, or any other legally transferable interest in such property, to the extent that such interest may be conveyed to another person for any purpose, excluding an interest securing a loan or other financial obligation of another party.
4. “Property Disposition Contracts” shall mean written agreements for the sale, lease, transfer or other disposition of Property from BUDC or a BUDC Subsidiary to any unrelated third party.
5. “Real Property” shall mean real property and interests therein.

ARTICLE II **APPOINTMENT AND DUTIES OF CONTRACTING OFFICER**

A. Appointment

The Contracting Officer shall be an officer of BUDC appointed by the Board of Directors

who is responsible for the supervision and direction over the custody, control and disposition of Property and responsible for BUDC's compliance with and enforcement of these Guidelines. The Vice President of BUDC shall be the Contracting Officer for purposes of these Guidelines.

B. Duties

The duties of the Contracting Officer shall include the following:

1. Maintaining adequate inventory controls and accountability systems for all Property under BUDC's control.
2. Periodically conducting an inventory of Property to determine which Property may be disposed of.
3. Preparing an annual written report of all Property. Each report shall include a list of all Real Property, a full description of all real and personal property disposed of during the reporting period, the price received and the name of the purchaser for all Property sold during each reporting period. Each report shall be completed and delivered to the New York State Comptroller, the Director of the Budget, the Commissioner of General Services and the New York State Legislature no later than ninety (90) days following the completion of BUDC's fiscal year.
4. Disposing of Property as promptly as possible in accordance with these Guidelines, as directed by BUDC.

ARTICLE III
PROPERTY DISPOSITION REQUIREMENTS

A. Method of Disposition

1. Subject to such exceptions and/or requirements set forth in these Guidelines, in the event that BUDC or a BUDC Subsidiary determines to dispose of any of its Property, BUDC shall endeavor to dispose of such Property for at least the fair market value of the Property. The disposition of Property may be made by sale, exchange, or transfer, for cash, credit or other Property, with or without warranty, and upon such terms and conditions as are determined by BUDC to be appropriate and reasonable and consistent with these Guidelines.
2. No disposition of Real Property, or any interest in Real Property, may be made unless an appraisal of the value of such Real Property has been made by an independent appraiser and included in the record of the transaction. In addition, no disposition of any personal property, which because of its unique nature or the unique circumstances of the proposed transaction is not readily valued with reference to an active market for similar property, shall be made without an independent appraisal.

B. Award and Approval of Property Disposition Contracts

1. Compliance with Guidelines; Approval Requirements. All dispositions of Property shall be conducted in accordance with these Guidelines by or under the supervision of the Contracting Officer. Any proposed dispositions of real property shall be presented to the BUDC Real Estate Committee for consideration, and if approved by said committee, shall be submitted to the BUDC Board of Directors for approval or other appropriate action.

2. Disposition by Public Bid.

(a) All Property Disposition Contracts may be made only after publicly advertising for bids, unless the criteria set forth in Article III(B)(3) below has been satisfied for such contracts to be made by negotiation or public auction.

(b) Whenever public advertising for bids is required, (i) the advertisement for bids shall be made at such time prior to the disposal or contract, through such methods, and on such terms and conditions, as shall permit full and free competition consistent with the value and nature of the Property; (ii) all bids shall be publicly disclosed at the time and place stated in the advertisement; and (iii) the award shall be made with reasonable promptness by notice to the responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to BUDC and New York State, price and other factors considered.

(c) Any public bid for the disposition of Property may be rejected, refused, or declined by BUDC or the Contracting Officer on any basis or ground allowable at law.

3. Disposition by Negotiated Sale/Public Auction. The following dispositions are exempt and excepted from the public bidding requirements set forth above in Article III(B)(2) and may be consummated through a negotiated sale or by public auction:

(a) Below Market Dispositions. BUDC may dispose of Property for less than the fair market value of the Property under the circumstances set forth in Article III(B)(5) of these Guidelines.

(b) Disposition of Certain Personal Property. BUDC may dispose of personal property where such personal property has qualities separate from the utilitarian purpose of such property, such as artistic quality, antiquity, historical significance, rarity, or other quality or similar effect, that would tend to increase its value, or if the personal property is to be sold in such quantity that, if it were disposed of through public advertisement and bidding, would adversely affect the state or local market for such property, and the estimated fair market value of such property and other satisfactory terms of disposal can be obtained by negotiation.

(c) Disposition of Low FMV Property. BUDC may dispose of Property the fair market value of which does not exceed Fifteen Thousand Dollars (\$15,000.00).

(d) Disposition Following Receipt of Unacceptable Bid Prices. BUDC may dispose of Property where the bid prices received by BUDC after public advertising are not

commercially reasonable (either as to all or some part of the Property) as determined by BUDC in its sole discretion.

(e) Disposition to New York State. BUDC may dispose of Property to New York State or any political subdivision of New York State.

(f) Disposition Authorized by Law. BUDC may dispose of Property where such disposition is otherwise authorized by law.

4. Reporting Requirements Regarding Negotiated Dispositions.

(a) Preparation of Written Statements. The Contracting Officer shall prepare a written statement explaining the circumstances of each negotiated disposition of Property involving any of the following:

- (i) the negotiated disposition of personal property which has an estimated fair market value in excess of Fifteen Thousand Dollars (\$15,000.00);
- (ii) the negotiated disposition of Real Property that has an estimated fair market value in excess of One Hundred Thousand Dollars (\$100,000.00);
- (iii) the negotiated disposition of Real Property that will be disposed of by lease, if the estimated annual rent over the term of the lease is in excess of Fifteen Thousand Dollars (\$15,000.00); or
- (iv) the negotiated disposition of Real Property or real and related personal property where the same will be disposed of by exchange, regardless of value, or any Property any part of the consideration for which is Real Property.

(b) Submission of Written Statements. Written statements prepared pursuant to Article III(B)(4) shall be submitted to the New York State Comptroller, the Director of the Budget, the Commissioner of General Services and the State Legislature no later than ninety (90) days prior to the date on which the disposition of Property is expected to take place. The Contracting Officer shall maintain a copy of all written statements at BUDC's principal office.

5. Disposal of Property for Less Than Fair Market Value.

(a) No asset owned, leased or otherwise in the control of BUDC may be sold, leased or otherwise alienated for less than its fair market value unless such disposition meets one of the following requirements:

(i) The transferee is a government or other public entity, and the terms and conditions of the disposition require that ownership and use of the asset will remain with the government or any other public entity.

(ii) The purpose of the disposition is within BUDC's corporate purpose, mission or its governing statute.

(b) In the event that BUDC seeks to dispose of an asset for less than its fair market value and neither of the circumstances set forth in Section 5(a)(i) and (ii) are applicable, then BUDC shall provide written notification of the proposed disposition to the Governor, the Speaker of the Assembly and the temporary President of the Senate, and such proposed disposition shall be subject to approval or denial by the Governor, the Senate or the Assembly in accordance with the provisions set forth in the Section 2897 (7) of the Public Authorities Law.

(c) In the event a below fair market value disposition is proposed, the following information shall be provided to the BUDC Board of Directors and to the public:

(i) A full description of the asset;

(ii) An appraisal of the fair market value of the asset and any other information establishing the fair market value that may be sought by the Board;

(iii) A description of the purpose of the disposition and a reasonable statement of the kind and amount of the benefit to the public resulting from the disposition, including but not limited to the kind, number, location, wages or salaries of jobs created or preserved as required by the disposition, the benefits, if any, to the communities in which the asset is situated as are required by the disposition;

(iv) A statement of the value to be received compared to the fair market value;

(v) The names of any private parties participating in the disposition, and if different than the statement required by paragraph (iv) above, a statement of the value to the private party; and

(vi) The names of other private parties who have made an offer for such asset, the value offered, and the purpose for which the asset was sought to be used.

(d) Before authorizing the disposition of any property for less than fair market value, the BUDC Board of Directors shall consider the information described in 5(c) above and make a written determination that there is no reasonable alternative to the proposed below market disposition that would achieve the same purpose as the proposed disposition.

ARTICLE IV
GENERAL PROVISIONS

A. Annual Review and Submission of Guidelines

These Guidelines shall be annually reviewed and approved by the BUDC Board of Directors. On or before the 31st day of March of each year, BUDC shall file with the New York State Comptroller a copy of the most recently reviewed and adopted guidelines, including the name of the Contracting Officer, and shall post the Guidelines on BUDC's website. Guidelines posted on BUDC's website shall be maintained at least until the Guidelines for the following year are posted on BUDC's website.

B. Effect of Awarded Contracts

These Guidelines are intended for the guidance of the officers, directors and employees of BUDC and its Subsidiaries only. Nothing contained herein is intended or shall be construed to confer upon any person, firm or corporation any right, remedy, claim or benefit under, or by reason of, any requirement or provision hereof, or be deemed to alter, affect the validity of, modify the terms of or impair any contract or agreement made or entered into in violation of, or without compliance with, these Guidelines. Without limiting the generality of the preceding sentence, any deed, bill of sale, lease, or other instrument executed by or on behalf of BUDC or a BUDC Subsidiary, purporting to transfer title or any other interest in Property shall be conclusive evidence of compliance with these Guidelines insofar as concerns title or other interest of any bona fide grantee or transferee who has given valuable consideration for such title or other interest and has not received actual or constructive notice of lack of compliance with these Guidelines prior to the closing.

C. Effective Date; Amendments.

These Guidelines shall be effective upon the affirmative vote of the Board of Directors of the Corporation and may be amended upon affirmative vote of a majority of the Board of Directors.

Effective Date: November 30, 2006
Amended: March 2, 2010
Re-Adopted: March 29, 2011