

Buffalo Urban Development Corporation

Investment Report

For the year ended December 31, 2010

Buffalo Urban Development Corporation

2010 Annual Investment Report

Purpose of Report:

Under Section 2925(6) of the Public Authorities Law, BUDC is required to annually prepare and approve an Investment Report. The Investment Report is to include: BUDC's Investment Guidelines (see below), the results of the annual independent audit (see below), a list of the total investment income received by the corporation and a list of the fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associated services to the corporation since the last investment report.

The attached schedule details the corporation's investment income and related fees for the year ended December 31, 2010 and was approved by the BUDC Board of Directors at their March 29, 2011 meeting.

Investment Guidelines:

In accordance with Section 2925 of the Public Authorities Law, BUDC is required to adopt Investment Guidelines which detail its operative policy and instructions to staff regarding the investing, monitoring and reporting of funds of the Agency. In addition, BUDC has elected to follow the deposit and investment restrictions contained in Sections 10 and 11 of the General Municipal Law as a "best practice".

BUDC's Investment Guidelines were approved by the BUDC Board of Directors at their March 29, 2011 meeting and are posted on the BUDC website at <http://www.ecidany.com/budc-corporate-policies>. The Investment Guidelines are consistent with the Guidelines adopted on April 6, 2010.

Investment Audit:

BUDC's auditors have audited the corporation's compliance with the Investment Guidelines for Public Authorities. In their report dated March 9, 2011 Toski, Schaefer & Co have indicated that BUDC complied, in all material respects, with these Investment Guidelines.

Buffalo Urban Development Corporation (BUDC)

Annual Investment Report

For the year ended December 31, 2010

Account Type	Financial Institution	G/L Balance		Interest Rate** Dec 2010	2010 Investment		
		1/1/2010	12/31/2010		Income	Fees*	Restricted Purpose
1 Interest Checking	Bank of America	\$ 421,692	\$ 514,849	0.09%	\$ 718	\$ -	General BUDC Checking account.
2 Interest Checking	Bank of America	214,921	-	-	131	-	Additional Checking account for DASNY grant. Account Closed in 2010.
3 Money Market	Keybank	22,908	8,429	0.20%	17	9	General BBRC Checking/Savings account
4 Money Market	Keybank	1,452,315	663,471	0.20%	2,702	-	Restricted account for Buffalo Lakeside Commerce Park development***
5 Money Market	Keybank	26,091	23,282	0.20%	53	-	Restricted account for eligible Erie County Development Projects^
		<u>\$ 2,137,927</u>	<u>\$ 1,210,030</u>		<u>\$ 3,621</u>	<u>\$ 9</u>	

Notes:

In 2004, the ECIDA conducted a Request for Proposal and selected Keybank and Bank of America as its financial institution for its various affiliated corporations. At the time, BUDC was already banking with Bank of America (formerly Fleet Bank) and therefore no change in banking relationships was necessary. BUDC is scheduled to conduct a new RFP for banking services in the 2nd quarter of 2011.

All accounts are FDIC guaranteed and secured by collateral posted by the depository or its agent for balances above the FDIC limit.

* Note: Bank of America calculates service charges on a combined, analysis basis. Since account balances were sufficient, no fees were charged.

** The Interest Rate is the annualized rate for the month of December 2010 and is prior to the deduction of fees (if any).

*** This account is known as the Buffalo Brownfields Redevelopment Fund and is held by the ECIDA on behalf of BUDC.

^ This account is known as the Regionally Significant Projects Fund and is held by the ECIDA on behalf of BUDC.