Niagara Frontier Transportation Authority
Serving the Niagara Region

181 Ellicott Street
Buffalo, New York 14203
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August 31, 2016

Ms. Karen McCarthy
Clerk
Erie County Legislature
25 Delaware Avenue
Buffalo, New York 14202

Re: NFTA Board Minutes

Dear Ms. McCarthy:

Enclosed for your information and files please find a copy of the Minutes from the Niagara Frontier Transportation Authority's Regular Board Meeting held on July 28, 2016.

Very truly yours,

Lisa Flynn
Assistant to David J. State
General Counsel

Enclosure

NIAGARA FRONTIER TRANSPORTATION AUTHORITY
NIAGARA FRONTIER TRANSIT METRO SYSTEM, INC.
REGULAR BOARD MEETING
JULY 28, 2016 12:30 PM
MINUTES

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1. CALL TO ORDER

A. Meeting Called to Order

The Chair called the meeting to order at approximately 12:31 p.m.

B. Approval of Minutes of the NFTA Regular Board Meeting held on May 26, 2016

It was moved by Commissioner Hughes, seconded by Commissioner Gurney, that the Minutes of the May 26, 2016 Regular Meeting of the Niagara Frontier Transportation Authority and Niagara Frontier Transit Metro System, Inc., be accepted and approved.

AYES: **ROCHE, DEMAKOS, DURAND, GURNEY, ANSARI, AUL, BAYNES, HUGHES**

NOES: **NONE**

C. Executive Director Report

Executive Director Kimberley Minkel introduced Stephanie Calhoun, Manager of EEO/Diversity as the replacement for Linda Seay who retired in May and Steven Duquette who replaced Chief Information Officer John Oborn. She acknowledged the Transit Authority Police and Metro rail employees for their incredible response to a tragic incident which occurred in the rail system.

She reported that Buffalo ranks 9th across 350 cities in the nation when it comes to providing transit access to jobs. The NFTA is tied with San Francisco. This information is from RedFin Opportunity score as part of their real estate news and analysis.

She advised the Board that we continue to do well in the ABO report on Public Authorities. The average state authority expenses increased by 9.7% between 2011 and 2015. Expenses throughout the Authority only increased 1.4% during that same time. It also shows that our outstanding debt was reduced by over 26% during this same time period, due to a large part of the airport bond refunding. The Executive Director reported the following Notice of Settlement between NFT Metro System, Inc. and the Amalgamated Transit Union Local 1342 as follows:

WHEREAS, on April 1, 2016, Amalgamated Transit Union Local 1342 ["ATU Local 1342"] President Vincent Crehan encouraged two student big bus operators of Niagara Frontier Transit Metro System, Inc. [NFT Metro] to call off from overtime work they had committed to perform driving big bus runs;

WHEREAS, the above-referenced April 1, 2016 call offs by the two operators prompted NFT Metro to commence PERB Proceedings U-35045 and D-0286;

WHEREAS, the Parties agreed to resolve U-35045 and D-0286 by settlement agreement.

ATU Local 1342 has agreed that:

1. No Union official or representative shall direct, encourage or pressure any member of the ATU Local 1342 bargaining unit to refuse or call off from overtime or any other work assignments.

2. The practice that began in April 2014 wherein instructors of student big bus operators certified their students as eligible to safely perform overtime runs on their own before completion of their full in-house training periods shall continue with ATU instructors granting or denying said early certifications in good faith based on their observations of their students' capabilities.

2. NFTA CORPORATE REPORT

A. Audit and Governance Committee Report
B. Consolidated Financial
C. Corporate Resolutions

JUNE 2016 NFTA/METRO PERFORMANCE
($000's)

	BUDGET	ACTUAL		VARIANCE
NET SURPLUS/(DEFICIT)	1,875	2,016		141
Revenues and Operating Assistance				218
Expenses				90
Non-Operating/Capital				(166)
				141
OPER REVENUES & ASST	18,262	18,480		218
Erie County Sales Tax				(64)
Mortgage Tax				278
All Other				4
				218
TOTAL OPER EXPENSES	14,882	14,793		(90)
Maintenance & Repairs				
Metro - decreased revenue vehicle maintenance costs			(134)	
Transportation Centers - increased materials/supplies and facilities maintenance cost			20	
BNIA - lower automotive expenses, partially offset by higher environmental and landscaping expenses			(13)	
All Other			(3)	(130)
Metro Transit Fuel/Power - lower diesel and gasoline costs				(48)
Utilities				
BNIA - lower electric billings			(65)	
Property Development - lower electric and gas billings at 485 Cayuga and Terminal A building			(10)	
All Other			7	(68)
Insurance & Injuries				
Metro - higher claim loss reserve appropriation for a recent bus accident			139	
Transportation Centers - increased claim losses			18	
All Other			1	158
All Other				(1)
				(90)
NON-OPERATING/CAPITAL	(1,505)	(1,671)		(166)
Capital				
Metro			(217)	
All Other			(2)	(219)
Non-Operating				
BNIA Net Bond Debt Service			(17)	
BNIA Operating Expense Reserve			20	
Property Development - Gain on Sale/Other			47	
All Other			3	53
				(166)

NFTA/METRO

KEY ITEM REPORT

JUNE 2016

($000 Omitted)

MONTH ACTUAL TO BUDGET	Jun 2016 Budget	Jun 2016 Actual	Variance	%
Operating Revenues	8,962	8,943	(18)	-0.2%
Operating Assistance	9,300	9,537	236	2.5%
Total Oper. Revenues & Assistance	18,262	18,480	218	1.2%
Personnel Services	11,208	11,174	(33)	-0.3%
Maintenance & Repairs	1,762	1,631	(130)	-7.4%
Transit Fuel/Power	433	385	(48)	-11.0%
Utilities	406	338	(68)	-16.8%
Insurance & Injuries	332	489	158	47.6%
Safety & Security	964	1,013	49	5.1%
General Business/Other	1,890	1,922	32	1.7%
Other	(2,113)	(2,161)	(48)	-2.3%
Total Operating Expenses	14,882	14,793	(90)	-0.6%
Operating Income/(Loss)	**3,380**	**3,687**	**308**	**9.1%**
Non-Operating/Capital	(1,505)	(1,671)	(166)	-11.0%
Net Surplus/(Deficit)	1,875	2,016	141	7.5%

NFTA/METRO YEAR TO DATE JUNE 2016 PERFORMANCE
($000's)

	BUDGET	ACTUAL		VARIANCE
NET SURPLUS/(DEFICIT)	5,262	5,320		59
Revenues and Operating Assistance				(454)
Expenses				761
Non-Operating/Capital				(248)
				59
OPER REVENUES & ASST	54,966	54,512		(454)
Metro Passenger Fares				(200)
BNIA Airport Fees & Services - lower compensatory billings based on decreased expenses				(92)
BNIA Concessions/Commissions - decreased parking lot/ramp and ground transportation revenue, partially offset by higher auto rental revenue				(453)
NFIA Concessions/Commissions - decreased parking lot revenue				(106)
Erie County Sales Tax				(129)
Mortgage Tax				435
Federal - PM - reprogramming of federal funds				98
All Other				(7)
				(454)
TOTAL OPERATING EXPENSES	45,350	44,589		(761)
Personnel Services				
BNIA - higher than anticipated vacancies and decreased overtime			(118)	
Central Admin - vacancies in Executive, Human Resources and Finance & Admin, and lower police overtime			(117)	
All Other			(12)	(246)
Maintenance & Repairs				
Metro - lower revenue vehicle maintenance costs, environmental costs and various rail maintenance expenses			(252)	
BNIA - decreased automotive and environmental expenses			(63)	
All Other			8	(307)
Utilities				
Metro - lower gas billings			(62)	
BNIA - lower electric and gas billings			(158)	
NFIA - lower electric and gas billings			(17)	
Property Development - lower electric and gas billings at 485 Cayuga and Terminal A properties			(40)	
All Other			(5)	(282)
Insurance & Injuries				
Metro - higher claim loss reserve appropriation for a recent bus accident			50	
Transportation Centers - increased claim losses			16	
All Other			(4)	63
All Other				12
				(761)
NON-OPERATING/CAPITAL	(4,354)	(4,603)		(248)
Capital				
Metro			(296)	
Central Admin			(14)	
All Other			(2)	(312)
Non-Operating				
BNIA Net Bond Debt Service			(41)	
BNIA Operating Expense Reserve			55	
Property Development - Gain on Sale/Other			48	
All Other			2	64
				(248)

NFTA/METRO
KEY ITEM REPORT
JUNE YTD 2016

($000 Omitted)

YTD ACTUAL TO BUDGET	Jun 2016 YTD Budget	Jun 2016 YTD Actual	Variance	%
Operating Revenues	27,506	26,678	(828)	-3.0%
Operating Assistance	27,460	27,834	374	1.4%
Total Oper. Revenues & Assistance	54,966	54,512	(454)	-0.8%
Personnel Services	34,724	34,478	(246)	-0.7%
Maintenance & Repairs	4,679	4,372	(307)	-6.6%
Transit Fuel/Power	1,237	1,108	(129)	-10.5%
Utilities	1,258	975	(282)	-22.5%
Insurance & Injuries	929	992	63	6.7%
Safety & Security	3,068	3,094	26	0.8%
General Business/Other	5,946	6,028	82	1.4%
Other	(6,490)	(6,457)	33	0.5%
Total Operating Expenses	45,350	44,589	(761)	-1.7%
Operating Income/(Loss)	**9,616**	**9,923**	**307**	**3.2%**
Non-Operating/Capital	(4,354)	(4,603)	(248)	-5.7%
Net Surplus/(Deficit)	5,262	5,320	59	1.1%

NFTA/METRO
BUSINESS CENTERS
NET SURPLUS/(DEFICIT)
JUNE YTD 2016

($000 Omitted)

	Jun 2016 YTD Budget	Jun 2016 YTD Actual	Variance	%
NFTA				
BNIA	2,109	1,891	(218)	-10.3%
NFIA	112	12	(101)	-89.6%
Transportation Centers	(229)	(279)	(50)	-21.8%
Property Development	84	210	126	149.3%
NFTA Total	2,076	1,833	(243)	-11.7%
Metro	3,185	3,487	302	9.5%
NFTA/Metro	5,262	5,320	59	1.1%

JUNE NFTA/METRO PERFORMANCE
FYE 2017 vs. FYE 2016
($000's)

	Jun 2015 Actual	Jun 2016 Actual		VARIANCE
NET SURPLUS/(DEFICIT)	2,211	2,016		(195)
Revenues and Operating Assistance				385
Expenses				(255)
Non-Operating/Capital				(325)
				(195)
OPER REVENUES & ASST	18,095	18,480		385
Metro Passenger Fares				83
BNIA Airport Fees & Services - higher compensatory billings based on increased expenses, ARFF building debt service costs, and increased terminal ramp fees				142
NFIA Other Operating Revenues - timing in receipt of Niagara County IDA proceeds				(60)
Mortgage Tax				262
State - MTOAF				(51)
State - DMTTF				375
State - Additional General Fund				(108)
State - Capital Spending				(324)
All Other				65
				385
TOTAL OPERATING EXPENSES	14,538	14,793		255
Personnel Services				
Metro - decreased overtime, partially offset by higher health insurance and workers' compensation costs			(90)	
BNIA - reallocation of Bus Shelter and Facilities Maintenance labor to Engineering, partially offset by higher health insurance, workers' compensation and pension costs			(111)	
Central Admin - reallocation of Bus Shelter and Facilities Maintenance labor from BNIA, increased Metro support labor and higher health insurance, workers' compensation and pension costs			347	
All Other			5	150
Maintenance & Repairs				
Metro - lower revenue vehicle maintenance costs			(129)	
BNIA - higher service and environmental costs, partially offset by lower automotive expense			50	
Central Admin - timing of MIS software and maintenance agreements			206	127
Metro Transit Fuel/Power - lower diesel costs				(186)
Insurance & Injuries				
Metro - higher claim loss reserve appropriation for a bus accident in FYE17			118	
All Other			(1)	117
General Business/Other				
Metro - higher support labor costs, outside service and general office expenses			158	
BNIA - lower parking management costs			(22)	
Central Admin - lower outside service costs			(25)	
All Other			(9)	101
All Other				(54)
				255
NON-OPERATING/CAPITAL	(1,346)	(1,671)		(325)
Capital				
Metro			(173)	
BNIA			72	
NFIA			63	
Property Development			35	
All Other			7	4
Non-Operating				
BNIA - Debt Service Entitlement Applied			(162)	
BNIA - Capital Funding Reallocation			(186)	
All Other			19	(329)
				(325)

NFTA/METRO
KEY ITEM REPORT
FYE 2017 vs. FYE 2016
JUNE

($000 Omitted)

MONTH PRIOR YEAR COMPARISON	Jun 2015 Actual	Jun 2016 Actual	Variance	%
Operating Revenues	8,678	8,943	265	3.1%
Operating Assistance	9,417	9,537	120	1.3%
Total Oper. Revenues & Assistance	18,095	18,480	385	2.1%
Personnel Services	11,024	11,174	150	1.4%
Maintenance & Repairs	1,504	1,631	127	8.5%
Transit Fuel/Power	572	385	(186)	-32.6%
Utilities	320	338	18	5.5%
Insurance & Injuries	372	489	117	31.4%
Safety & Security	921	1,013	92	9.9%
General Business/Other	1,821	1,922	101	5.6%
Other	(1,997)	(2,161)	(163)	-8.2%
Total Operating Expenses	14,538	14,793	255	1.8%
Operating Income/(Loss)	**3,557**	**3,687**	**130**	**3.6%**
Non-Operating/Capital	(1,346)	(1,671)	(325)	-24.1%
Net Surplus/(Deficit)	2,211	2,016	(195)	-8.8%

NFTA/METRO YEAR TO DATE JUNE PERFORMANCE
FYE 2017 vs. FYE 2016
($000's)

	Jun 2015 YTD Actual	Jun 2016 YTD Actual		VARIANCE
NET SURPLUS/(DEFICIT)	6,693	5,320		(1,372)
Revenues and Operating Assistance				(160)
Expenses				(213)
Non-Operating/Capital				(999)
				(1,372)
OPER REVENUES & ASST	54,672	54,512		(160)
Metro Passenger Fares				(180)
BNIA Airport Fees & Services - higher compensatory billings based on increased expenses, ARFF building debt service costs, and increased terminal ramp fees				253
BNIA Concessions/Commissions - decreased parking lot/ramp, ground transportation and other miscellaneous concession revenues, partially offset by higher auto rental revenue				(352)
Mortgage Tax				388
State - MTOAF				(153)
State - DMTTF				1,124
State - Additional General Fund				(324)
State - Capital Spending				(971)
All Other				54
				(160)
TOTAL OPERATING EXPENSES	44,376	44,589		213
Personnel Services				
Metro - decreased overtime, partially offset by higher health insurance and workers' compensation costs			(48)	
BNIA - reallocation of Bus Shelter and Facilities Maintenance labor to Engineering, partially offset by higher health insurance, workers' compensation and pension costs			(384)	
Central Admin - reallocation of Bus Shelter and Facilities Maintenance labor from BNIA, increased Metro support labor and higher health insurance, workers' compensation and pension costs			991	
All Other			7	564
Metro Transit Fuel/Power - lower diesel and gasoline costs				(597)
Utilities				
Metro - lower electric and gas billings			(22)	
BNIA - lower electric and gas billings			(62)	
All Other			1	(83)
General Business/Other				
Metro - higher support labor costs, outside service and general office expenses			328	
All Other			4	333
All Other				(3)
				213
NON-OPERATING/CAPITAL	(3,604)	(4,603)		(999)
Capital				
Metro			(130)	
BNIA			81	
NFIA			64	
Property Development			39	
All Other			8	62
Non-Operating				
BNIA - Debt Service Entitlement Applied			(486)	
BNIA - Capital Funding Reallocation			(557)	
All Other			(18)	(1,061)
				(999)

NFTA/METRO
KEY ITEM REPORT
FYE 2017 vs. FYE 2016
JUNE YTD

($000 Omitted)

YTD PRIOR YEAR COMPARISON	Jun 2015 Prior YTD Actual	Jun 2016 Current YTD Actual	Variance	%
Operating Revenues	26,825	26,678	(148)	-0.6%
Operating Assistance	27,847	27,834	(12)	0.0%
Total Oper. Revenues & Assistance	54,672	54,512	(160)	-0.3%
Personnel Services	33,913	34,478	564	1.7%
Maintenance & Repairs	4,262	4,372	110	2.6%
Transit Fuel/Power	1,705	1,108	(597)	-35.0%
Utilities	1,058	975	(83)	-7.8%
Insurance & Injuries	901	992	91	10.1%
Safety & Security	3,004	3,094	90	3.0%
General Business/Other	5,695	6,028	333	5.8%
Other	(6,161)	(6,457)	(295)	-4.8%
Total Operating Expenses	44,376	44,589	213	0.5%
Operating Income/(Loss)	**10,296**	**9,923**	**(373)**	**-3.6%**
Non-Operating/Capital	(3,604)	(4,603)	(999)	-27.7%
Net Surplus/(Deficit)	6,693	5,320	(1,372)	-20.5%

Corporate Resolutions

i. Niagara Frontier Transportation Authority, Acceptance of Corporate Resolutions 2. C. (1) through 2. C. (10)

1. Approval of Financial Statements for the Niagara Frontier Transportation Authority and Niagara Frontier Transit Metro System, Inc. for Fiscal Year Ending March 31, 2016

2. Ratification of Authorization for Lease Agreement, NavSim Services, Inc., 247 Cayuga Road, NFTA

3. Ratification of Authorization for Lease Agreement, You First Services, Inc., 485 Cayuga Road, NFTA

4. Authorization for Lease Agreement, J&G Merchandise d/b/a Buffalo Jewelry, 247 Cayuga Road, NFTA

5. Authorization for Lease Agreement, Shannon's Fitness & Dance, LLC, 247 Cayuga Road, NFTA

6. Authorization for Amendment to Lease Agreement, Lamar Transit Advertising, 247 Cayuga Road, NFTA

7. Authorization for Amendment to Lease Agreement, Westmatic Corporation, 485 Cayuga Road, NFTA

8. Ratification of Authorization for License Agreement, Be Our Guest, Ltd., 901 Furhmann Boulevard, NFTA

9. Authorization for Amendment, Air Cargo Ground Lease, BNIA

10. Authorization for Settlement, Rabia Saber v. Niagara Frontier Transit Metro System, Inc.

CORPORATE:

2. C. (i) Niagara Frontier Transportation Authority, Acceptance of Corporate Resolutions 2. C. (1) through 2. C. (10)

The Executive Director advised that Items 2. C. (1) through 2. C. (10) have been discussed with the Board of Commissioners of the NFTA, and the Board is unanimously in favor of all subject Resolutions.

Whereupon, it was moved by Commissioner Durand, seconded by Commissioner Hughes, that the following Resolution be adopted:

> "**RESOLVED**, that the Resolutions of the Niagara Frontier Transportation Authority, identified as numbers 2. C. (1) through 2. C. (10) and dated July 28, 2016 as set forth herein, be and hereby are accepted and approved in their entirety."

AYES: **ROCHE, DEMAKOS, DURAND, GURNEY, ANSARI, AUL, BAYNES*, HUGHES**

ABSTENTION: **BAYNES** [Item 2. C. (8) Only*]

NOES: **NONE**

ADOPTED

CORPORATE:

2. C. (1) Approval of Financial Statements for the Niagara Frontier Transportation Authority and Niagara Frontier Transit Metro System, Inc. for Fiscal Year Ending March 31, 2016

RECOMMENDATION: Staff recommends that the Board approve the Authority's financial statements for fiscal year ending March 31, 2016.

INFORMATION: The New York State Public Authorities Accountability Act requires that all financial reports completed pursuant to Section 2800 of the Public Authorities Law be approved by the Board and certified by the Chief Executive Officer and Chief Financial Officer.

FUNDING: No funding is required.

"**RESOLVED,** that the Board hereby approves said financial statements for fiscal year ending March 31, 2016 for the Niagara Frontier Transportation Authority NFTA and the Niagara Frontier Transit Metro System, Inc. (Metro) and authorizes the Chief Executive Officer or Executive Director and the Chief Financial Officer of the NFTA and Metro, as applicable, to certify said financial statements."

NIAGARA FRONTIER TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

FINANCIAL STATEMENTS

MARCH 31, 2016

NIAGARA FRONTIER TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

March 31, 2016

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Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS

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716-856-3300 | Fax 716-856-2524 | www.LumsdenCPA.com

INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Niagara Frontier Transportation Authority

We have audited the accompanying balance sheet of Niagara Frontier Transportation Authority (the Authority) (a Component Unit of the State of New York), a business-type activity, as of March 31, 2016, and the related statements of revenues, expenses and change in net position and cash flows for the year then ended, and the related notes to the financial statements. We have also audited the Authority's internal control over financial reporting as of March 31, 2016, based on *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management's Responsibility for the Financial Statements and Internal Control over Financial Reporting

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of effective internal control over financial reporting relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error. Management is also responsible for its assertion about the effectiveness of internal control over financial reporting included in the accompanying *Management's Report on Internal Control Over Financial Reporting.*

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements and an opinion on the Authority's internal control over financial reporting based on our audits. We conducted our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and our audit of internal control over financial reporting in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement and whether effective internal control over financial reporting was maintained in all material respects.

An audit of financial statements involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit of financial statements also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management as well as evaluating the overall presentation of the financial statements. An audit of internal control over financial reporting involves obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing other such procedures as we considered necessary in the circumstances.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Definitions and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of March 31, 2016, and the change in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Also in our opinion, the Authority maintained, in all material respects, effective internal control over financial reporting as of March 31, 2016, based on *Internal Control – Integrated Framework* issued by the COSO.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that management's discussion and analysis (MD&A) on pages i through x (preceding the financial statements), and other required supplementary information, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Additional Information

The additional information on pages 38 and 39 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2016 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Lumsden & McCormick, LLP

June 23, 2016

Niagara Frontier Transportation Authority
Serving Buffalo Niagara

181 Ellicott Street
Buffalo, New York 14203
716-855-7300
Fax: 716-855-7657
TDD: 855-7650
www.nfta.com

MANAGEMENT'S CERTIFICATION OF THE FINANCIAL STATEMENTS

Management certifies that, based on our knowledge, the information provided herein is accurate, correct and does not contain any untrue statement of material fact; does not omit any material fact, which, if omitted, would cause the financial statements to be misleading in light of the circumstances under which such statements are made; and fairly presents in all material respects the financial condition and results of operations and cash flows of the Authority as of, and for, the period presented in the financial statements.

NIAGARA FRONTIER TRANSPORTATION AUTHORITY

Kimberley A. Minkel
Executive Director

John T. Cox
Chief Financial Officer

Patrick J. Dalton
Director of Internal Audit and Corporate Compliance

June 23, 2016

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Niagara Frontier Transportation Authority's (the Authority) internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenses of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Management is responsible for establishing and maintaining effective internal control over financial reporting. Management assessed the effectiveness of the Authority's internal control over financial reporting as of March 31, 2016, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control – Integrated Framework*. Based on that assessment, management concluded that, as of March 31, 2016, the Authority's internal control over financial reporting is effective based on the criteria established in *Internal Control – Integrated Framework*.

NIAGARA FRONTIER TRANSPORTATION AUTHORITY

Kimberley A. Minkel Executive Director	John T. Cox Chief Financial Officer	Patrick J. Dalton Director of Internal Audit and Corporate Compliance

June 23, 2016

FINANCIAL HIGHLIGHTS

Summarized Balance Sheets

(In thousands)	March 31	
	2016	2015
Current assets	$ 82,350	$ 69,167
Restricted assets	53,086	45,950
Capital assets, net	610,676	624,293
Deferred outflows of resources from pensions	7,352	-
Total assets and deferred outflows of resources	$ 753,464	$ 739,410
Current liabilities	$ 52,307	$ 43,602
Noncurrent liabilities	317,978	297,390
Total liabilities	370,285	340,992
Net position:		
Net investment in capital assets	466,460	484,013
Restricted	46,172	39,731
Unrestricted	(129,453)	(125,326)
Total net position	383,179	398,418
Total liabilities and net position	$ 753,464	$ 739,410

The changes in total net position over time serve as a useful indicator of the Authority's financial position. Net investment in capital assets represents the Authority's net capital assets, offset by any payables or debt outstanding used to finance the capital asset purchases. Restricted net assets consist primarily of cash and investments restricted in accordance with bonding requirements or assets whose use is limited to specific purposes in accordance with various agreements. Negative unrestricted net position of $129.5 million and $125.3 million at March 31, 2016 and 2015 results primarily from the accrual of postemployment benefits other than pensions required by GASB Statement No. 45. As a result of the Authority's fiscal 2016 activities, March 31, 2016 net position decreased $15.2 million (3.8%) from March 31, 2015.

Current assets increased $13.2 million primarily due to an increase in governmental receivables resulting from a delay in Federal and State preventative maintenance proceeds, partially offset by a decrease in unrestricted cash. Deferred outflows of resources resulting from the implementation of GASB Statements No. 68 and No. 71 total $7.4 million at March 31, 2016 and consist primarily of pension payments made subsequent to the liability measurement date.

Bus capital expenditures included in accounts payable at year end resulted in an increase in current liabilities of $8.7 million at March 31, 2016 compared to 2015. Noncurrent liabilities increased $20.6 million as increases in post-employment benefits of $17.4 million, estimated self-insured claims of $4.2 million, and net pension liability of $4.2 related to the implementation of GASB 68, were partially offset by debt decreases totaling $7.0 million.

Summarized Statements of Revenues, Expenses and Changes in Net Position

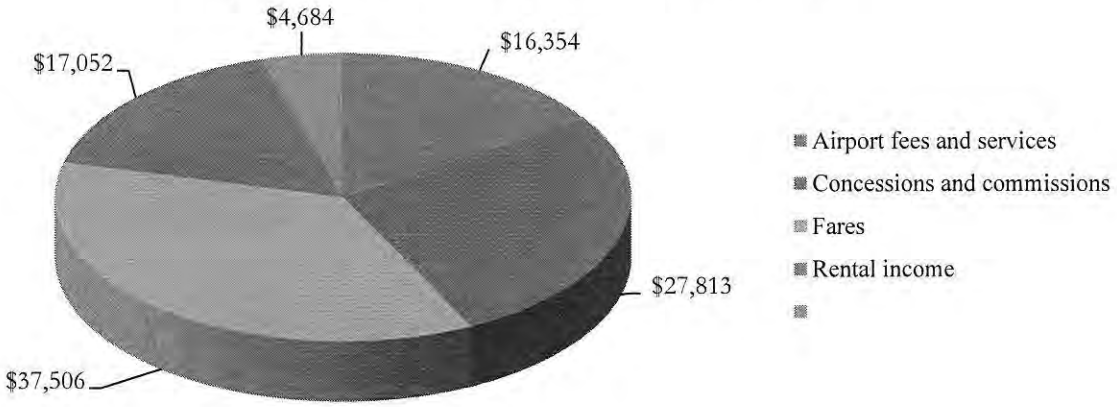
(in thousands)	Years ended March 31	
	2016	2015
Operating revenues:		
Fares	$ 37,506	$ 37,398
Concessions and commissions	27,813	28,509
Rental income	17,052	16,412
Airport fees and services	16,354	17,643
Other operating revenues	4,684	6,564
Total operating revenues	103,409	106,526
Operating expenses:		
Salaries and employee benefits	135,823	133,950
Other postemployment benefits	17,415	12,988
Depreciation	50,051	54,510
Maintenance and repairs	19,347	19,884
Transit fuel and power	5,137	6,764
Utilities	4,254	5,285
Insurance and injuries	3,725	4,388
Other operating expenses	15,380	14,547
Total operating expenses	251,132	252,316
Operating loss	(147,723)	(145,790)
Non-operating revenues, net	107,105	99,928
Change in net position before capital contributions and special item	(40,618)	(45,862)
Capital contributions	26,890	17,397
Special item - property disposition	-	(12,981)
Change in net position	(13,728)	(41,446)
Net position - beginning of year	398,418	439,864
Cumulative effect of restatement	(1,511)	-
Net position - beginning, as restated	396,907	439,864
Net position - end of year	$ 383,179	$ 398,418

Summary of Revenues, Expenses and Changes in Net Position

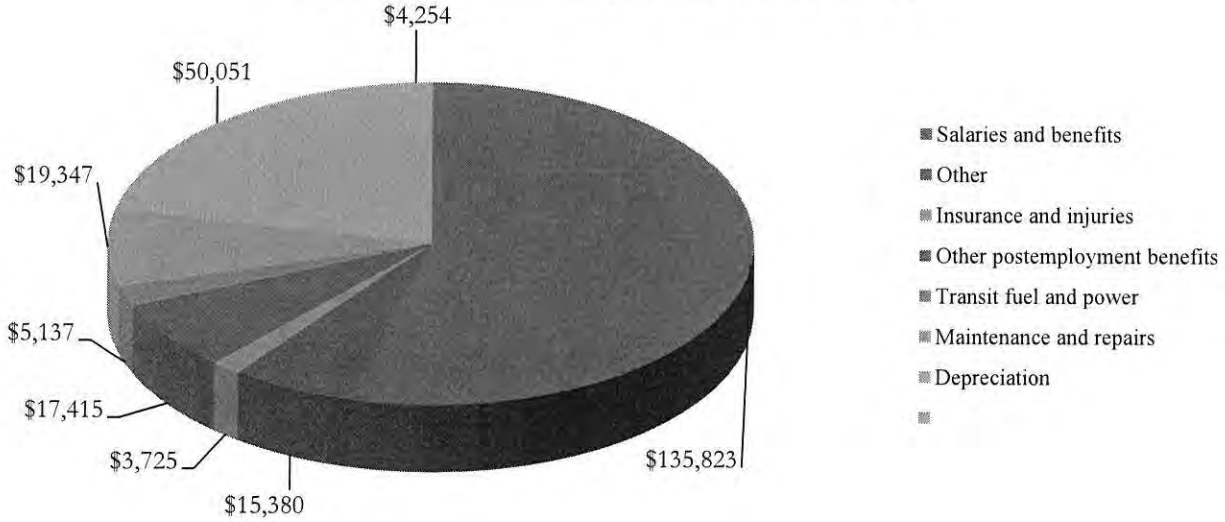
March 31, 2016 vs. March 31, 2015

The Authority ended 2016 with total net position of $383.2 million compared to $398.4 in 2015.

Operating Revenues for the year ended March 31, 2016



Operating Expenses for the year ended March 31, 2016



The light rail system, which operates along a 6.4 mile corridor in the City of Buffalo, has begun to see the first significant employment, market-rate and affordable housing, education, and health care development since the Metro Rail was built about 30 years ago. The Buffalo Niagara Medical Campus (BNMC), a consortium of the region's top health care, education, and research institutions located on a 120-acre site adjacent to downtown employs more than 12,000 people currently, and with 17,000 employees at the BNMC expected by 2017 due to the completion of several major projects at the campus, ridership on the light rail system is projected to grow. In addition, increased infill, higher-density, mixed use development has been built in the Town of Amherst. As a result, Metro and GBNRTC are conducting an Alternatives Analysis to link all origins and destinations impacted by new developments through transit.

As part of our Blueprint for the Future, in addition to stabilizing government assistance, our strategic plans concentrate on cost control, increasing organizational liquidity, technological improvements, operational changes such as implementation of a new fare box collection system, providing more flexible fare structures, improving service standards, continuing to engage the public with the newly established Citizens Advisory Committee for Public Transportation, developing our workforce, and growing locally generated revenue through public-private partnerships such as transit-oriented development.

A Transit Intelligent Transportation System (ITS) strategic plan has been drafted that will guide the implementation of projects for the next 2 to 4 years. In fiscal 2016, Metro continued work on several key innovative projects that will positively impact public transportation in the region and spur economic development. The Niagara Street Corridor Project will create a comprehensive urban transit corridor in the City of Buffalo that will improve Metro bus service, advance the FTA's livability standards and act as a model for future corridors in the Metro service area and throughout the United States. The project, which goes from Niagara Square in downtown Buffalo to Niagara and Ontario Streets, focuses on a high-demand urban transit corridor which presents real opportunity for neighborhood revitalization, transit-oriented development, and improved livability for local citizens. Final products of the project include five new 40-foot CNG buses, a compact neighborhood transit center and park-and-ride with bus holding spaces near prime access points for six bus routes, traffic signal prioritization equipment to enhance bus flow and timing, and new bus shelters with solar panels and next bus notification technology.

Metro is also finalizing an alternatives study for the Amherst-Buffalo Corridor, which includes NFTA/Metro's highest ridership levels, to ensure recent economic development in the region has adequate infrastructure to address increased transportation needs. The Amherst-Buffalo Corridor would connect the current Metro light rail system in Buffalo to the State University of New York at Buffalo's (UB) 1,100 acre North Campus in Amherst. This analysis is viewed as the first step for Metro to make informed decisions about providing transit options for a growing ridership and could lead to a project to spur economic and transit-oriented development.

In addition, Metro continues to be engaged in the One Region Forward initiative. One Region Forward is a broad-based, collaborative effort to promote more sustainable forms of development in Erie and Niagara counties (the Buffalo Niagara Region) in land use, transportation, housing, energy and climate, access to food, and more. The One Region Forward Steering Committee which consists of Metropolitan Planning Organization members and strategic private-sector partners adopted the Regional Plan for Sustainable Development in December 2014. The Implementation Council has jointly applied for grants and continues to coordinate work to improve mobility, build more efficient land use patterns, strengthen existing infrastructure, and grow the economy.

Looking at infrastructure, Metro has completed construction of a new CNG fueling station and modification of the adjacent Frontier Bus Garage to allow for storage and maintenance of new CNG-fueled vehicles. The CNG fueling station is servicing 20 new CNG-fueled 40-foot transit buses, 10 new paratransit vehicles, and 2 MV-1 supervisor vehicles. An additional 24 new CNG-fueled 40-foot transit buses will be commissioned by the end of the 2016 summer with plans to purchase dozens more over the next 3 to 4 years. CNG-fueled vehicles will lower greenhouse gas emissions of the fleet and save millions in fuel costs over the life of the vehicles. The Light Rail Mid-life Rebuild project, where we are rehabilitating all 27 of our railcars that have been in service for over 25 years, and extends the life of the fleet for another 20 years, continues to progress and 12 rebuilt railcars are currently in revenue service. These improvements are being accomplished in New York State, adding to the State's economic development.

Aviation

BNIA, the Authority's second largest strategic business unit, serves over 4.6 million passengers, marking its eleventh straight year of that level of passengers. To accommodate growth, BNIA's Long-Term Lot B was recently expanded to accommodate an additional 988 cars.

BNIA replaced 2,322 hold room seats that were over 18 years old with new seats that are wider, provide more leg room, and provide new amenities such as cup holders and access to power for cell phone and laptop charging.

BNIA also continues progress on the $53.8 million noise mitigation projects that will continue for the next year. These projects are fully funded by the FAA, New York State and Passenger Facility Charges.

In June 2016, two new direct, non-stop air services will commence. Southwest Airlines will fly direct between BNIA and Denver International Airport (DEN) once a week and JetBlue will fly direct between BNIA and Los Angeles International Airport (LAX) daily. Both new air services mark the first time there will be direct, non-stop air service between the cities.

Located just five miles from Niagara Falls, the Niagara Falls International Airport (NFIA) has been a catalyst for economic development. Since the completion of the new terminal building in 2009, the number of enplanements has grown significantly. This resulted in a 9.6% increase of passengers from fiscal 2014 to fiscal 2015 and a 12.2% increase from 2015 to 2016. Overall, the aviation division continues to work on ways to increase revenues and attract more air service to NFIA.

The recently completed draft master plan document identifies the infrastructure and financing necessary to meet the increased operational demands over the next 20 years at NFIA. In addition, the project built a Geographic Information System (GIS) for airport projects and created a Dynamic Analysis Tool that models the impact of changing economic conditions on enplanements and infrastructure needs. The goal for the project is to have airport development strike a balance between social, economic and environmental needs for the surrounding community. Additionally, an overall aviation strategic plan was completed in February 2016 that considers the future growth and positioning of both BNIA and NFIA. This will help shape the direction of the aviation system as a whole.

Property Development

The property development division serves as the Authority-wide provider of real estate services, manages approximately 1,800 acres of property throughout Erie and Niagara counties and is responsible for the Authority's non-public transportation assets.

As previously indicated, in fiscal 2015 certain waterfront property owned by the Authority, including the largest recreational boat harbor in New York State with over 1,000 slips was transferred to ECHDC. In addition, the Authority is in the process of transferring the remaining 50 acres of waterfront property, commonly referred to as the Port Terminal Complex, to ECHDC for $3.5 million. It is the direction of the Board of Commissioners to divest properties that are not in concert with the Authority's mission of providing and supporting transportation.

CONTACT FOR AUTHORITY'S FINANCIAL MANAGEMENT

This report is designed to provide a general overview of the finances of the Authority for interested parties. Questions concerning any information within this report or requests for additional information should be addressed to John T. Cox, Chief Financial Officer, 181 Ellicott Street, Buffalo, New York 14203.

NIAGARA FRONTIER TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

Balance Sheet (In thousands)

March 31, 2016

Assets	
Current assets:	
Cash and cash equivalents	$ 37,541
Accounts receivable, net of allowance for doubtful accounts of $926	3,908
Grants receivable	35,105
Materials and supplies inventory	4,735
Prepaid expenses and other	1,061
	82,350
Restricted assets:	
Cash and cash equivalents	34,625
Investments	18,461
	53,086
Capital assets, net (Note 5)	610,676
Total assets	663,762
Deferred outflows of resources:	
Deferred outflows of resources from pensions	7,352
Total assets and deferred outflows of resources	$ 753,464
Liabilities	
Current liabilities:	
Current portion of long-term debt	$ 9,636
Accounts payable and accrued expenses	34,192
Other current liabilities	8,479
	52,307
Noncurrent liabilities:	
Long-term debt	125,089
Other postemployment benefits	134,549
Estimated liability for self-insured claims	40,032
Net pension liability	4,176
Other noncurrent liabilities	14,132
	317,978
Total liabilities	370,285
Net position	
Net investment in capital assets	466,460
Restricted	46,172
Unrestricted	(129,453)
Total net position	383,179
Total liabilities and net position	$ 753,464

See accompanying notes.

NIAGARA FRONTIER TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

Statement of Revenues, Expenses and Change in Net Position (In thousands)

For the year ended March 31, 2016

Operating revenues:	
Fares	$ 37,506
Concessions and commissions	27,813
Rental income	17,052
Airport fees and services	16,354
Other operating revenues	4,684
Total operating revenues	103,409
Operating expenses:	
Salaries and employee benefits	135,823
Other postemployment benefits	17,415
Depreciation	50,051
Maintenance and repairs	19,347
Transit fuel and power	5,137
Utilities	4,254
Insurance and injuries	3,725
Other	15,380
Total operating expenses	251,132
Operating loss	(147,723)
Non-operating revenues (expenses):	
Operating assistance	107,147
Passenger facility charges	9,181
Change in fair value of swap agreements	576
Interest expense, net	(4,726)
Airport noise abatement	(2,819)
Other non-operating expense, net	(2,254)
Total non-operating net revenues	107,105
Change in net position before capital contributions	(40,618)
Capital contributions	26,890
Change in net position	(13,728)
Net position - beginning of year	398,418
Cumulative effect of restatement (Note 3)	(1,511)
Net position - beginning, as restated	396,907
Net position - end of year	$ 383,179

See accompanying notes.

NIAGARA FRONTIER TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

Statement of Cash Flows (In thousands)

For the year ended March 31, 2016

Operating activities:	
Cash collected from customers	$ 106,003
Cash paid for employee wages and benefits	(139,123)
Cash paid to vendors and suppliers	(37,964)
Cash paid for insurance and injuries	483
Net operating activities	(70,601)
Non-capital financing activities:	
Operating assistance	107,147
Capital and related financing activities:	
Repayments of long-term debt	(9,545)
Proceeds from issuance of long-term debt	3,990
Other liabilities	241
Interest paid	(4,852)
Mortgage recording tax, net	454
Capital grants and contributions	3,201
Additions to capital assets	(36,401)
Construction retainages, net	310
Proceeds from sale of capital assets	70
Passenger facility charges	9,181
Airport noise abatement	(2,819)
Other	(2,274)
Net capital and related financing activities	(38,444)
Investing activities:	
Interest income	126
Net change in cash and cash equivalents	(1,772)
Cash and cash equivalents, beginning of year	73,938
Cash and cash equivalents, end of year	$ 72,166
Reconciliation to Balance Sheet	
Cash and cash equivalents:	
Unrestricted	$ 37,541
Restricted	34,625
Total cash and cash equivalents	$ 72,166
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (147,723)
Adjustments to reconcile operating loss to net cash flows from operating activities:	
Depreciation	50,051
Net pension activity	(4,687)
Other postemployment benefits, net	17,415
Changes in assets and liabilities:	
Receivables	1,785
Materials and supplies inventory	(194)
Prepaid expenses and other	(76)
Accounts payable and accrued expenses	5,422
Other current liabilities	811
Estimated liability for self-insured claims	4,208
Other noncurrent liabilities	2,387
Net cash used for operating activities	$ (70,601)

See accompanying notes.

(1) Financial Reporting Entity

The Niagara Frontier Transportation Authority (the Authority) was created by an Act of the New York State Legislature in 1967 to promote the development and improvement of transportation and related services within the Niagara Frontier transportation district. As a multi-modal transportation authority, the Authority operates a number of transportation related business centers including aviation, surface transportation and property management. The Authority is included in the financial statements of the State as an enterprise fund.

The Niagara Frontier Transit Metro System, Inc. (Metro) was created as part of the Authority in 1974 to provide mass transportation services to the Niagara Frontier. Although Metro is a separate legal entity, the Authority maintains financial and governance responsibility over its operations. Based on its financial and governance responsibility for Metro, the Authority reports Metro as a blended component unit.

The Authority, including Metro, is governed by a 13 member Board of Commissioners (the Board) appointed by the Governor of New York State (the State), with the consent of the New York State Senate. The Board governs and sets policy for the Authority. The Executive Director, subject to policy direction and delegation from the Board, is responsible for all activities of the Authority.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation and Measurement Focus

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority's financial statement presentation is prepared in accordance with the provisions established by GASB.

The Authority reports as a special purpose government engaged in business-type activities, using the economic resources measurement focus and the accrual basis of accounting. All assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses are accounted for through a single enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been satisfied.

The Authority's policy for defining operating activities in the statements of revenues, expenses and changes in net position are those that generally result from exchange transactions such as payments received for services and payments made to purchase goods and services. Certain other transactions are reported as non-operating activities.

Authority Operations

The Authority operates the following three strategic business centers:

Aviation

The Authority operates the Buffalo Niagara International Airport (BNIA) and the Niagara Falls International Airport (NFIA). BNIA is Western New York's primary passenger and cargo airport, while NFIA continues to serve as a general aviation airport with an emerging scheduled charter business. NFIA, shared with a military base, also serves as the Federal Aviation Administration (FAA) reliever airport for BNIA.

Property Management

The property management department manages real estate owned by the Authority, including certain waterfront property, rail rights of way, and non-public transportation assets such as industrial warehouse distribution and associated office space for lease.

Surface Transportation

(c) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect on outstanding balances and consist primarily of amounts due from services provided related to the Authority's operations and advertising. Management provides for probable uncollectible amounts based on collection history and aging of accounts. Balances outstanding after reasonable collection efforts are written off through a charge to allowance for bad debts and a credit to accounts receivable.

(d) Materials and Supplies Inventory

Materials and supplies inventory is valued based on the weighted average cost method.

(e) Restricted Assets

Certain cash deposits and investments are classified as restricted assets in accordance with bonding requirements or because their use is legally limited to specific purposes such as airport capital expansion and operations, and the LRRT system. The Authority's policy is to use restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

(f) Investments

The Authority's investment policies comply with the New York State Comptroller's guidelines for Public Authorities. Investments consist primarily of certificates of deposits with original maturities greater than three months and an obligation of the U.S. Government valued at cost, which approximates fair value.

(g) Bond Costs

Bond issuance costs, with the exception of prepaid insurance, are expensed as incurred. Insurance costs are amortized over the term of the related debt.

(h) Capital Assets

The Authority's policy is to capitalize assets that cost at least $5,000 and have estimated useful lives of 2 years or more. Capital assets are stated at cost, less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. The useful lives used in computing depreciation on principal classes of capital assets are as follows:

	Estimated Useful Life
Metropolitan transportation centers	25
Improvements	10-25
Buildings	10-45
LRRT System	10-45
Motor buses	12.00
Marine terminals, docks, and wharves	10-40
Equipment and other	2-10

Maintenance and repairs are charged to operations as incurred.

(i) Other Current Liabilities

Advances

The Authority administers the funding of regional transportation improvement projects on behalf of the Federal Highway Administration (FHWA) for the Niagara International Transportation Technology Coalition (NITTEC). At March 31, 2016, net advance payments provided by the FHWA for regional construction projects authorized by NITTEC and the FHWA totaled $5,528,000.

Mortgage Recording Tax Revenue

As required by New York State legislation, the Authority receives a percentage of mortgage recording taxes collected by Erie County. Receipts are recorded as other liabilities until all eligibility requirements are met.

(j) Self-Insured Claims

The Authority is self-insured for property damage, environmental claims, personal injury liability, and workers' compensation claims. An estimate of the liability is made by the Authority based primarily on information available from third-party administrator claims, actuarial studies, and in-house and outside legal counsel.

(k) Pensions

The Authority provides retirement benefits to substantially all employees through various defined benefit retirement plans. The Authority follows GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) to recognize the net pension liability, deferred outflows and deferred inflows of resources, pension expense, and information about and changes in the fiduciary net position on the same basis as reported by the defined benefit pension plan. The Authority has elected to participate in the New York State and Local Employees' Retirement System (ERS) and New York State and Local Police and Fire Retirement System (PFRS). ERS and PFRS recognize benefit payments when due and payable in accordance with benefit terms; investment assets are reported at fair value. More information on pension activity is included in Note 9.

(l) Postemployment Benefits

In addition to providing pension benefits, the Authority provides health insurance coverage for retired employees. Substantially all employees become eligible for these benefits when they reach normal retirement age with a minimum of ten years of service. Health insurance benefits are provided through an insurance company whose premiums are based on benefits paid during the year.

The Authority records these benefits in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45). This pronouncement establishes standards for the measurement and recognition of other postemployment benefits (OPEB) expense and related liabilities and disclosures (Note 10).

(m) Other Noncurrent Liabilities

Other noncurrent liabilities consist primarily of amounts due to the New York State retirement system pursuant to the New York State Pension Contribution Stabilization Program (Note 9) and the fair value of interest rate swap agreements (Note 6).

(n) Revenue Recognition

The Authority's principal sources of operating revenues are fares, airport fees and services, rental income, and concessions and commissions. Operating revenues from fares represent surface transportation services and are generated from cash and various fare media including tickets, passes and tokens which are recognized as income as they are used. Operating revenues from airport fees and services include landing and terminal ramp fees. Rental income includes building and ground space rented to the airlines and air cargo carriers, among others. Operating revenues from concessions and commissions include parking fees and rental of retail space. These sources of operating revenues are recognized upon provision of services. Commissions from auto rental companies are recognized based upon a monthly percentage of revenues earned during the contractual year with an annual adjustment for any minimum annual guaranteed fees.

The Authority receives operating assistance and capital contributions pursuant to various federal, state and local government contracts and grant agreements. Operating assistance and capital contributions are recorded as revenue based on annual appropriations or when expenditures have been incurred in compliance with grant requirements. Operating assistance and capital contributions represent 54% of total revenue for the year ended March 31, 2016. A significant decrease in this funding may negatively impact future operations of the Authority.

(o) Taxes

As a public benefit entity, the Authority is exempt from federal and state income tax, as well as state and local property and sales taxes, with the exception of certain agreements for payments made in lieu of tax.

(p) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(q) Derivative Instruments

The Authority records derivative instruments in accordance with the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53). This Statement enhances the usefulness and comparability of derivative instrument information reported by state and local governments by providing a comprehensive framework for the recognition, measurement, and disclosure of derivative instrument transactions. Derivative instruments such as interest rate and commodity swaps, interest rate locks, options (caps, floors, and collars), swaptions, forward contracts, and futures contracts are entered into by governments as investments; as hedges of identified financial risks associated with assets or liabilities, or expected transactions (i.e., hedgeable items); to lower the costs of borrowings; to effectively fix cash flows or synthetically fix prices; or to offset the changes in fair value of hedgeable items. A key provision of GASB 53 is that certain derivative instruments are reported at fair value in the financial statements. The changes in fair value of hedging derivative instruments do not affect investment revenue but are reported as deferrals. Alternatively, the changes in fair value of investment derivative instruments (which include ineffective hedging derivative instruments) are reported as part of investment revenue in the current reporting period. Effectiveness is determined by considering whether the changes in cash flows or fair values of the potential hedging derivative instrument substantially offset the changes in cash flows or fair values of the hedgeable item.

As of March 31, 2016, the negative fair values of all investment and ineffective derivative instruments totaled $4,675,000 and are recorded as other noncurrent liabilities in the balance sheet. Negative fair value decreases of $576,000 for 2016 are recorded as non-operating revenues in the statement of revenues, expenses and change in net position (Note 6).

To reduce its exposure to rising fuel costs, the Authority entered into a contract that fixed the prices of certain vehicle fuels purchased from September 1, 2011 through August 31, 2014. The Authority exercised its right to extend the contract for two additional one year periods. The contract is considered a normal purchase contract and is not subject to the requirements of GASB 53.

(r) Administrative Services

In accordance with agreements between the Authority and the New York State Department of Transportation, the Authority functions as the "host agency" for the Greater Buffalo Niagara Regional Transportation Council (GBNRTC), the designated Metropolitan Planning Organization (MPO) for the metro region including Erie and Niagara counties, and NITTEC, a regional traffic operations center. As the host agency for both organizations, the Authority provides certain administrative responsibilities relating to grants management and accounting functions; however, the Authority has no budgetary oversight and no responsibility for operations, deficits or debts. Consequently, the Authority's financial statements do not include the assets, liabilities, revenues or expenses of GBNRTC or NITTEC. The Authority administered reimbursement grants totaling $3,877,000 for GBNRTC and NITTEC during fiscal 2016.

(3) Change in Accounting Principle

Effective April 1, 2015, the Authority adopted GASB 68 and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* These statements address accounting and financial reporting for the pension provided to Authority employees and administered by ERS and PFRS. The statements also require various note disclosures (Note 9) and required supplementary information. As a result, beginning of year net position has been restated as follows (in thousands):

Net position previously reported, April 1, 2015	$	398,418
Net pension liability		(8,760)
Deferred outflows of resources for contributions made subsequent to the measurement date		7,249
Net position as restated	$	396,907

(4) Cash Deposits and Investments

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. At March 31, 2016, none of the Authority's bank deposits were exposed to custodial credit risk.

The following describes the Authority's policies related to deposit and investment risk:

The Authority has a written investment policy applicable to each of its cash, cash equivalents, and investment accounts which is in compliance with the Authority's enabling legislation under Sections 1299e and 2925(3)(f) of the New York State Public Authorities Law. Further, pursuant to collateralizing its investments, the Authority is subject to General Municipal Law Section 10, *Deposit of Public Money,* whereby all cash, cash equivalents, and investments are fully insured by the Federal Deposit Insurance Corporation (FDIC) and/or are fully collateralized with U.S. government obligations held in the name of the Authority. Investments consist of certificates of deposit and U.S. Treasury notes purchased directly by the Authority.

(5) Capital Assets

(in thousands)	April 1, 2015	Additions	Reclassifications and Disposals	March 31, 2016
Non-depreciable capital assets:				
Land	$ 61,828	$ 1,190	$ -	**$ 63,018**
Construction in progress	45,527	(2,098)	-	**43,429**
Total non-depreciable capital assets	107,355	(908)	-	**106,447**
Depreciable capital assets:				
Land improvements	321,340	5,807	(11,664)	**315,483**
LRRT system	603,900	15,040	(223)	**618,717**
Airport buildings	271,317	3,371	(208)	**274,480**
Metropolitan transportation centers	20,846	1,399	(663)	**21,582**
Marine terminals, docks, and wharves	18,502	145	(475)	**18,172**
Motor buses	136,070	3,867	(3,274)	**136,663**
Equipment, buildings, and other	131,195	7,722	(5,520)	**133,397**
Total depreciable capital assets	1,503,170	37,351	(22,027)	**1,518,494**
Accumulated depreciation:				
Land improvements	215,921	12,462	(11,665)	**216,718**
LRRT system	438,234	13,152	(223)	**451,163**
Airport buildings	119,998	9,157	(1,542)	**127,613**
Metropolitan transportation centers	15,285	499	(663)	**15,121**
Marine terminals, docks, and wharves	17,538	183	(420)	**17,301**
Motor buses	86,789	7,992	(3,275)	**91,506**
Equipment, buildings, and other	92,467	6,606	(4,230)	**94,843**
Total accumulated depreciation	986,232	50,051	(22,018)	**1,014,265**
Total depreciable assets, net	516,938	(12,700)	(9)	**504,229**
	$ 624,293	$ (13,608)	$ (9)	**$ 610,676**

(6) Long-Term Debt

(a) Long-term Obligations (in thousands)

(1) Airport Revenue Bonds 2014:		
Series A, maturing April 1, 2029 with variable annual principal payments commencing April 1, 2015, bearing interest at 3.0% to 5.0% (including unamortized premium of $6,673)	$	69,083
Series B, maturing April 1, 2019 with variable annual principal payments commencing April 1, 2016, bearing interest at 4.0% to 5.0% (including unamortized premium of $620)		13,050
(2) Airport Revenue Bonds 2004:		
Series A, maturing April 1, 2024 with variable annual payments commencing March 10, 2005 bearing fixed interest at 3.646% and a variable auction interest rate, offset by earned swap interest rate at 71% of the prevailing LIBOR rate		31,250
Series C, maturing April 1, 2024 with variable annual payments commencing March 10, 2005, bearing fixed interest at 3.55% and a variable auction interest rate, offset by earned swap interest rate at 69% of the prevailing LIBOR rate		4,925
(3) New York State, non-interest bearing		3,380
(4) Capital leases, monthly payments with fixed interest rates ranging from 4.19% to 6.59%, maturing in 2019, secured by related equipment		1,093
(5) Environmental Facilities Corporation (EFC) maturing January 15, 2020 with variable annual principal payments, bearing interest at 5.552% to 5.742%, offset by a variable refunding interest credit provided by EFC (NYS EFC Series 2011A)		965
(6) Capital leases, monthly payments with fixed interest rate at 2.91% maturing in 2025, secured by related equipment		3,890
(7) Capital lease, monthly payments with fixed interest rate of 4.27%, maturing in 2020, secured by related equipment		1,115
(8) Capital lease, monthly payments with fixed interest rate of 7.75%, maturing in 2032, secured by related equipment		3,902
(9) Capital lease, monthly payments with fixed interest rate of 2.57%, maturing in 2022, secured by related equipment		2,072
		134,725
Less current portion		9,636
	$	125,089

The following is a description of the Authority's long-term debt:

(1) On September 3, 2014, the Authority issued $65,340,000 Series 2014A and $12,430,000 Series 2014B Airport Revenue Bonds at a premium of $9,336,000. These bonds were issued to refund outstanding Series 1999A, 1999B, and 1998 bonds in the amounts of $61,525,000, $13,775,000, and $13,485,000, respectively.

(2) On January 15, 2004, the Authority issued $63,000,000 Series 2004A and $10,025,000 Series 2004C Airport Revenue Bonds with fixed interest rates of 3.646% and 3.55%, respectively, and variable auction rates offset by a swap of fixed percentages of the prevailing LIBOR rate. These bonds were issued to refund the Series 1994A and the Series 1994C Airport Revenue Bonds of $55,435,000 and $9,765,000 with interest rates ranging from 5.70% to 6.25% for Series 1994A and 5.50% to 6.00% for Series 1994C, respectively.

(3) The State Legislature passed a law in 1994 that granted the Authority immediate relief from the repayment covenant for a non-interest bearing loan totaling $3,380,000. The law provides in pertinent part that repayment of the loan would be deferred for a two-year period, which expired on May 12, 1996. The Director of the Budget has been granted the discretion to either enter into an agreement with the Authority setting forth a schedule for reimbursement without interest or waive the requirement for reimbursement in whole or in part. No decision has been made to date. Maturities for this loan have been included in the category of loans and capital leases for long-term debt maturities for 2032 through 2036 due to the uncertainty of repayment.

The Airport Revenue Bonds from 2014, 2004, and EFC Series 2000 are payable from and secured by a lien against net revenues derived from the operations of the BNIA. Payment of scheduled bond principal and interest payments are also guaranteed by municipal bond insurance policies maintained by the Authority. The bonds are special limited obligations of the Authority. They are neither general obligations of the Authority nor a debt of the State or any political subdivision.

Changes in long-term debt for the year ended March 31, 2016 were as follows (in thousands):

Balance, beginning of year	$	140,280
Proceeds from issuance of debt		3,990
Repayment of long-term debt, net of premium amortization		(9,545)
Balance, end of year		134,725
Less current portion		9,636
Noncurrent portion	$	125,089

Required principal and interest payments for long-term debt, net of unamortized premiums, were as follows (in thousands):

	Loans and Capital Leases		Serial Bonds		
	Principal	Interest	Principal	Unamortized Premium	Interest
Years ending March 31,					
2017	$ 1,321	$ 541	$ 8,315	$ 1,155	$ 4,856
2018	1,380	489	8,500	1,021	4,637
2019	1,441	434	8,995	937	4,198
2020	1,303	378	9,180	826	3,943
2021	890	338	9,555	710	3,505
2022-2026	3,556	1,213	42,700	2,246	11,455
2027-2031	1,509	575	24,735	398	3,068
2032-2036	4,052	47	-	-	-
	$ 15,452	$ 4,015	$ 111,980	$ 7,293	$ 35,662

At March 31, 2016, the Authority was in compliance with all loan and bond covenants.

(b) Derivative Instruments

Interest Rate Swaps

To reduce exposure to changing interest rates, the Authority entered into two hedging interest rate swaps with Goldman Sachs Capital Markets, L.P. in connection with its $73,025,000 Refunding Series 2004A and 2004C variable-rate bonds. The interest rate swaps are forward, floating-to-fixed agreements in notional amounts equal to the outstanding bonds pursuant to which the Authority will pay a specified fixed rate of interest in return for receipts of a variable rate of interest based on a fixed percentage of the prevailing LIBOR rate. The intention of the interest rate swaps was to effectively change the Authority's variable interest rate on the bonds to a synthetic fixed rate of 3.646% and 3.55% for Series 2004A and 2004C, respectively.

Risks

Below is a list of risks inherent in the Authority's interest rate swaps:

Basis Risk – The risk that the Authority's variable rate interest payments will not equal the variable rate swap receipts because they are based on different indexes. If the rate under the swap is lower than the bond interest rate, the payment under the swap agreement will not fully reimburse the Authority for the interest payments on the bonds. However, if the bond interest rate is lower than the swap payment, there is a net gain to the Authority. At March 31, 2016, the unfavorable basis variance totals $2,356,000.

The Series 2004 Bonds were issued to refund the Authority's outstanding Airport Revenue Bonds, Series 1994A and 1994C, which, together with the Authority's interest rate swaps entered into with respect to the Series 2004 Bonds, are expected to achieve debt service savings for the Authority.

Tax Risk – The risk that a change in Federal tax rates will alter the fundamental relationship between auction rates and LIBOR.

Interest Rate Risk – The risk that changes will adversely affect the fair value or cash flows.

Credit Risk – The risk that a counterparty will not fulfill its obligations under the swap. In this event, the Authority would have to pay another entity to assume the position of the defaulting counterparty. The Authority has sought to limit its counterparty risk by contracting with a highly rated entity.

Terms

At March 31, 2016, the fair value of the Series 2004A and 2004C interest rate swaps was a negative fair value of $4,059,000 and $616,000, respectively. At March 31, 2016, the notional amounts of Series 2004A and 2004C swaps were $31,250,000 and $4,925,000, respectively. The terms of the interest rate swaps will remain in effect until the bonds are fully matured on April 1, 2024.

The Series 2004A and 2004C interest rate swaps as of March 31, 2012 were considered ineffective because they did not meet the effectiveness criteria under the synthetic instrument method (SIM) quantitative method of evaluating effectiveness. Therefore, changes in the fair value of the swaps are recorded as derivative instrument losses in the statements of revenues, expenses and changes in net position for 2012 and all future periods.

(7) Passenger Facility Charges

In 1992, the Federal Aviation Administration (FAA) approved the Authority's application to impose collection of Passenger Facility Charges (PFC) at the BNIA. PFCs used specifically for FAA approved projects at the BNIA and included in non-operating revenues totaled $9,181,000 for the year ended March 31, 2016.

(8) Operating Assistance

Operations are funded primarily by passenger fares and operating subsidy payments from the Federal Transit Administration (FTA) under Sections 5307 and 5311 of the Urban Mass Transportation Administration (UMTA) Act; the State, Erie and Niagara Counties (pursuant to State transportation laws); and the Buffalo & Fort Erie Public Bridge Authority. Assistance recognized as revenue for the year ended March 31, 2016 was as follows (in thousands):

Metro:	
FTA:	
Section 5307 and 5311 assistance	$ 19,763
Other	68
Total FTA	19,831
State:	
Statewide transit operating assistance program	44,748
Section 18b assistance	4,100
Section 5307 capital maintenance match	2,462
Total State	51,310
Erie County:	
88(c) - general	2,161
Mortgage recording tax (section 88a)	8,092
Section 18b matching funds	3,657
Sales tax receipts	19,507
Total Erie County	33,417
Niagara County:	
Mortgage recording tax	1,274
Section 18b matching funds	443
Total Niagara County	1,717
Buffalo and Fort Erie Public Bridge Authority	200
	106,475
NFTA:	
Department of Homeland Security	672
	$ 107,147

(9) Pensions

(a) New York State Retirement System

The Authority participates in ERS and PFRS (the Systems). The Systems are cost-sharing, multiple-employer public employee retirement systems that provide retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law (NYSRSSL) governs obligations of employers and employees to contribute and provide benefits to employees. The benefits to employees are guaranteed under the State constitution. The Authority's election to participate in the State plans is irrevocable.

As set forth in the NYSRSSL, the Comptroller of the State (the Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller adopts and may amend rules and regulations for the administration and transaction of the Systems and for the custody and control of their funds. The Systems issue publicly available financial reports that include financial statements and required supplementary information. Those reports may be obtained from the New York State and Local Retirement System at www.osc.state.ny.us/retire.

Benefits: The Systems provide retirement, disability, and death benefits for eligible members, including an automatic cost of living adjustment. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service among other factors.

Contribution requirements: No employee contributions are required for those whose service began prior to July 27, 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems on or after July 27, 1976 through December 31, 2009. Participants whose service began on or after January 1, 2010 through March 31, 2012 are required to contribute 3% of their salary for the entire length of service. Employees who joined on or after April 1, 2012 contribute based on annual wages at a rate of 3% to 6% each year, based on their level of compensation. The Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the Authority to the pension accumulation fund. For payments made in fiscal year 2016, rates ranged from 10.5% - 25.2% for ERS and 6.4% - 25.1% for PFRS.

The Authority participates in the New York State Pension Contribution Stabilization Program (the Program), an optional program which establishes a graded contribution rate system that enables the Authority to pay a portion of its annual contributions over time and more accurately predict pension costs. At March 31, 2016, $6,670,000 is due to the Systems pursuant to the Authority's participation in the Program.

Net Pension Liability, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources

At March 31, 2016, the Authority reported a liability of $3,720,000 for its proportionate share of the ERS and PFRS net pension liability.

The net pension liability was measured as of March 31, 2015, and the total pension liability was determined by an actuarial valuation as of April 1, 2014. The Authority's proportion of the net pension liability was based on the ratio of its actuarially determined employer contribution to ERS' and PFRS' total actuarially determined employer contribution for the fiscal year ended on the measurement date. At the March 31, 2015 measurement date, the Authority's proportion was 0.0881407% for ERS and 0.2697875% for PFRS.

For the year ended March 31, 2016, the Authority recognized ERS and PFRS pension expense of $4,517,000. At March 31, 2016, the Authority reported net deferred outflows of resources as follows:

	ERS		PFRS	
(in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 95	$ -	$ 90	$ -
Net difference between projected and actual earnings on pension plan investments	517	-	249	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	434	-	-	38
Authority contributions subsequent to the measurement date	4,043	-	1,962	-
	$ 5,089	**$ -**	**$ 2,301**	**$ 38**

Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Years ending March 31,	Net Deferred Outflows of Resources
2017	$ 334
2018	334
2019	334
2020	334
2021	11
	$ 1,347

Actuarial Assumptions

The actuarial assumptions used in the April 1, 2014 valuation, with update procedures used to roll forward the total pension liability to March 31, 2015, were based on the results of an actuarial experience study for the period April 1, 2005 to March 31, 2010. These assumptions are:

Inflation - 2.7%
Salary increases - 4.9% (ERS), 6.0% (PFRS)
Investment rate of return - 7.5% compounded annually, net of investment expense, including inflation
Mortality - Based on ERS and PFRS experience from April 1, 2005 - March 31, 2010 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014
Discount rate - 7.5%

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations.* Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

Investment Asset Allocation

Best estimates of arithmetic real rates of return for each major asset class and the Systems' target asset allocations as of the valuation date are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	38%	7.3%
International equities	13%	8.5%
Private equities	10%	11.0%
Real estate	8%	8.3%
Domestic fixed income	2%	4.0%
Bonds and mortgages	18%	4.0%
Short-term	2%	2.3%
Other	9%	6.8%-8.6%
	100%	

Discount Rate

The discount rate projection of cash flows assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Authority's proportionate share of its net pension liability for ERS and PFRS calculated using the discount rate of 7.5% and the impact of using a discount rate that is 1% lower and 1% higher:

(in thousands)	1% Lower (6.50%)	Current (7.50%)	1% Higher (8.50%)
Authority's ERS net pension liability (asset)	$ 19,847	$ 2,978	$ (11,264)
Authority's PFRS net pension liability (asset)	$ 9,888	$ 742	$ (6,921)

(b) Niagara Frontier Transit Metro System, Inc. Retirement Plan

The Niagara Frontier Transit Metro System, Inc. Retirement Plan (Metro Plan) is a single-employer defined benefit pension plan covering certain full-time non-union employees previously employed by the Niagara Frontier Transit Metro System, Inc. Participation in the Metro Plan was frozen effective January 1, 1998.

Benefits: The Metro Plan provides for retirement and death benefits for eligible members In general, retirement benefits are determined based on an employee's individual circumstances based on age, years of credited service, and compensation.

Employees Covered by Benefit Terms: At March 31, 2015, the following employees were covered by the Metro Plan:

Retired	50
Beneficiaries	14
Terminated vested	22

Contribution requirements: The Authority pays the full cost of all benefits provided under the Metro Plan. The Authority's policy is to fund the minimum recommended contribution as actuarially determined annually. Contributions to the plan were $20,000 in 2015, $73,000 in 2014, and $31,000 in 2013.

Net Pension Liability

The net pension liability was measured as of March 31, 2015 based on an actuarial valuation as of April 1, 2014. Actuarial assumptions applied to all periods included in the measurement are as follows:

Actuarial Cost Method - Individual Entry-Age
Salary increases - Not applicable
Mortality - RP-2014 Mortality Table with separate rates for males and females and separate rates for employees and annuitants
Rate of Return on Plan Assets – 5.77%
Discount Rate - 5.77%. The long-term expected rate of return on pension plan investments is 5.77% and the municipal bond rate is 3.38%. The Plan's fiduciary net position is projected to be available to meet all projected future benefit payments resulting in a single discount rate of 5.77%.
Asset Valuation – Market Value
Assumed Retirement Age – Normal retirement age or the age on the measurement date if greater

Changes in the Net Pension Liability

(in thousands)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 3/31/15	$ (5,426)	$ 5,024	$ (402)
Changes for the year:			
Service cost	-	-	-
Interest	(306)	-	(306)
Differences between expected and actual experience	(125)	-	(125)
Employer contributions	-	20	20
Net investment income	-	370	370
Benefit payments	596	(596)	-
Administrative expense	-	(13)	(13)
Net changes	165	(219)	(54)
Balances at 3/31/16	$ (5,261)	$ 4,805	$ (456)

The impact of using a discount rate that is 1% lower (4.77%) than the current rate would result in a net pension liability of $840,000 and at 1% higher (6.77%) would result in a net pension liability of $120,000.

(c) Past Service Costs Due to ERS

Effective January 1, 1997, active non-bargaining unit participants in the Niagara Frontier Transit Metro System, Inc. Retirement Plan (Metro Plan) transferred to the employment of the NFTA and were given the opportunity to elect to have their contribution accounts transferred from the Metro Plan to ERS. The enabling legislation that provided for the purchase of service credits under ERS for pre-transfer service obligated the Authority to pay ERS additional annual contributions of $465,000 annually commencing December 1997 (in addition to its regular employer contribution) for 25 years. At March 31, 2016 related past service costs totaling $2,787,000 are included in other noncurrent liabilities.

(d) Amalgamated Transit Union Division 1342 NFT Metro Pension Plan

Plan Description

All full-time Metro employees who are ATU members are covered by the Amalgamated Transit Union Local 1342 Niagara Frontier Transit Metro System Pension Fund (the ATU Plan), a defined benefit pension plan established in accordance with an Agreement and Declaration of Trust between the ATU and Metro (the Agreement). Pursuant to the ATU Union Contract signed in 1993, a portion of part-time employee compensation is also contributed by Metro to the ATU Plan, although part-time employees do not participate in or benefit from the ATU Plan.

The ATU Plan is managed by four Trustees: two union representatives and two management representatives. These Trustees are responsible for management of investments and payments to retirees. The ATU Plan issues a publicly available financial report that includes financial statements and notes. That report may be obtained by writing to Amalgamated Transit Union Local 1342, 196 Orchard Park Road, West Seneca, New York 14224.

Funding Requirement

On a weekly basis, each eligible employee is required to contribute the greater of sixteen dollars or 4% of payroll. Metro's contribution is 11% of eligible employee wages and is determined pursuant to the collective bargaining agreement (CBA) between Metro and the ATU. Metro's contributions to the Plan recorded on the statement of revenues, expenses and change in net position, pursuant to the CBA, totaled $5,300,000 for 2016. The Agreement provides that Metro is not obligated to make any other payment to fund the benefits or to meet any expenses of administration and, in the event of termination, Metro will have no obligation for further contributions to the ATU Plan. Therefore, net pension assets and liabilities of the ATU plan are not recorded by the Authority.

(10) Postemployment Benefits

Postemployment Health Care

The Authority provides a defined benefit postemployment health care plan (the Plan) for essentially all full-time employees with a minimum of ten years of service upon retirement. Upon retirement, most Authority employees are provided 50% of the medical insurance premiums while certain management employees hired prior to February 2004 are provided with continuation of full medical coverage.

Metro retirees are provided with a monthly stipend representing the insurance premium amount of single medical coverage if they retired prior to January 1, 2004. If they retired subsequent to January 1, 2004, Metro retirees are provided with continuation of full medical coverage.

GASB 45 requires the recognition of the costs of other postemployment benefits (OPEB) during the periods when employees render services that will eventually entitle them to the benefits. This cost is referred to as the annual required contribution (ARC) and includes:

- amortization of the unfunded actuarial accrued liability (UAAL) for the current year, which is the actuarially-determined and unfunded present value of all future OPEB costs associated with current employees and retirees as of the beginning of the year

- normal cost which is the actuarially-determined cost of future OPEB earned in the current year

The ARC represents an amount that, if funded each year, would ultimately satisfy the UAAL at the end of the amortization period (30 years) as well as each year's normal cost during that timeframe. A liability is recognized to the extent that actual funding is less than the ARC. This liability is reflected as a noncurrent liability on the statement of net position as other postemployment benefits. The Authority's Board has the authority to establish a funding policy for the Plan. The Authority's current policy is to fund the benefits to the extent of premium payments, on a "pay-as-you-go" basis. The plan does not issue a publicly available financial report.

The following table summarizes the Authority's ARC, the amount actually contributed to the Plan, and changes in the Authority's net OPEB obligation for the year ended March 31, 2016 (in thousands):

Annual required contribution	
Normal cost	$ 9,521
Amortization of UAAL	14,070
Annual required contribution	23,591
Interest on OPEB obligation	5,436
Adjustment to ARC	(7,417)
Annual OPEB cost	21,610
Employer contributions	(4,689)
Increase in net OPEB obligation	16,921
Net OPEB obligation, beginning of year	120,818
Net OPEB obligation, end of year	$ 137,739

The Authority's total annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation for the years ended March 31, 2014 through March 31, 2016 were (in thousands):

March 31,	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
2016	$ 21,610	21.70%	$ 137,739
2015	$ 16,391	24.45%	$ 120,818

The actuarial analysis supporting the GASB 45 obligation for 2016 was completed using an interim valuation. The total unfunded actuarial accrued liability (UAAL) for future benefits was $64,219,000 for the Authority and $195,435,000 for Metro. These projections are based on the April 1, 2014 census data, claims information and the impact of healthcare reform. The covered payroll (annual payroll of active employees covered by the plan) was $96,717,000 and the ratio of the UAAL to the covered payroll was 268.47%.

The actuarial valuation involves estimates of costs and the impacts of events far into the future. Examples include employee turnover and retirement rates, employee and retiree mortality, and changes in health care costs and interest rates. The benefits are subject to routine actuarial revaluations and these analyses will reflect revised estimates and assumptions as actual results are compared to past projections and expectations of the future. Any changes in these factors will impact the results of future valuations.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The actuarial calculations reflect a long-term prospective and use techniques designed to reduce short-term volatility in actuarial accrued liabilities. A summary of the methods and assumptions is provided below:

- Medical and prescription drug cost trend is estimated at 7.75% and 11.00% respectively next year, both ultimately declining to 3.886% in year 2076 and remaining level thereafter
- Actuarial cost method used is Projected Unit Credit
- Discount rate is 4.50%
- Amortization method is level dollar method, open
- RP-2014 Mortality Table for annuitants and non-annuitants with projected mortality improvements using Scale MP-2014, with a blue collar adjustment

Postemployment Stipends

As of March 31, 2016, there are 172 retirees within Metro who retired prior to January 1, 2004. Each retiree is provided with a cash stipend equivalent to the single medical premium cost and, if enrolled in Medicare, the retiree also is provided with full Medicare reimbursement. The retiree has the option of any combination of cash stipend and/or health insurance continuation.

Health care benefits where the recipient has the option to receive cash stipends in lieu of coverage are treated as pension benefits. The Authority's annual pension cost and net pension obligation (asset) related to such stipends was (in thousands):

Annual required contribution	$ 2,588
Interest on net pension cost	(165)
Adjustment to ARC	404
Annual pension cost	2,827
Employer contributions	(2,333)
Decrease in net pension asset	494
Net pension asset, beginning of year	(3,684)
Net pension asset, end of year	$ (3,190)

The actuarial accrued liability at March 31, 2016 was $21,515,000, all of which is unfunded. The net pension asset of $3,190,000 as of March 31, 2016, has been recorded as a net noncurrent liability on the statement of net position as other postemployment benefits. The current policy is to fund on the "pay as you go" basis.

A summary of the actuarial methods and assumptions is provided below:

- Healthcare cost trend is estimated at 7.50% next year, ultimately declining to 3.886% in year 2075 for pre-age 65; 6.0% next year ultimately declining to 3.886% in 2075 for post-age 65
- Actuarial cost method used is Projected Unit Credit
- Discount rate is 4.5%
- Amortization method is level dollar method over average life expectancy
- RP-2014 Mortality Table for Annuitants with projected mortality improvements using Scale MP-2014 on a generational basis

(11) Leases

A substantial portion of the Authority's revenue is generated by a number of fixed-term operating leases at its airport, marine and transportation center facilities. The leases generally provide for rentals determined on the basis of a rate per square foot occupied or a percentage of the lessee's gross revenues with guaranteed minimum amounts. Total revenue from leases was $59,900,000 in 2016, which includes guaranteed minimum rentals of $22,138,000 during 2016.

Fixed-term operating leases in effect at March 31, 2016 are expected to yield future minimum rentals as follows:

2017	$ 21,222
2018	17,767
2019	10,033
2020	3,727
2021	3,659
2022 - 2026	14,181
2027 - 2031	4,522
2032 - 2036	1,044
2037 - 2041	893
2042 - 2046	225
	$ 77,273

(12) Commitments and Contingencies

(a) Litigation and Claims

In the normal course of business, it is not uncommon for the Authority to incur litigation surrounding certain events. There are outstanding lawsuits involving substantial amounts that have been filed against the Authority. Based on the facts presently known, management and in-house legal counsel do not expect these matters to have a material adverse effect on the Authority's financial condition or results of operations.

(b) Self-Insured Claims

The Authority assumes the liability for most risks including, but not limited to, workers compensation, property damage, environmental claims, and personal injury claims. The Authority has excess insurance from commercial carriers to cover claims in excess of $1,250,000 per occurrence for workers compensation claims and limits ranging from $50,000 to $5 million depending on the type of claim for other self-insured claims. Estimated liabilities for claims not covered by insurance have been reflected in the financial statements. Workers' compensation liabilities are estimated based on an actuarial valuation dated April 15, 2016. Other self-insured liabilities are estimated by the Authority based on available information. Management believes the estimated liabilities are reasonable based upon historical experience and the opinions of internal risk management administrators and legal counsel.

Changes in the reported liability claims for the year ended March 31, 2016 were as follows (in thousands):

Liability, beginning of year	**$ 35,824**
Current year claims and change in estimate	**12,624**
Claim payments	**(8,416)**
Liability, end of year	**$ 40,032**

(c) Project Commitments

As of March 31, 2016, the Authority has commenced several projects including:

- BNIA noise abatement program estimated at $54,306,000 of which $51,244,000 was expended (expenditures are classified as non-operating expenses in the statement of revenues, expenses and change in net position)
- Metro 24 Transit buses estimated at $13,749,000 of which $0 was expended
- Rail car refurbishment estimated at $45,000,000 of which $32,005,000 was expended
- BNIA Aircraft Rescue and Fire Fighting Facility estimated at $10,988,000 of which $3,369,000 was expended
- Metro (Bus and Rail) fare collection upgrade $20,271,000 of which $1,298,000 was expended
- Metro 20 CNG Transit Buses estimated at $11,354,000 of which $7,925,000 was expended

Funding for these projects will be provided from anticipated federal, state and local grant awards, passenger facility charges, outside financing and other revenue sources.

(13) Segment Information – Buffalo Niagara International Airport

BNIA is Western New York's primary passenger and cargo airport. In fiscal year 1991, the Authority began the Airport Improvement Program to build a new terminal building and provide improved facilities for BNIA passengers. The Authority issued Airport Revenue Bonds (Note 6) pursuant to a Master Resolution approved by the Board of Commissioners for the construction of BNIA. The Master Resolution contains certain compliance covenants including requiring net airport revenues to be a minimum percentage of net debt service. The bonds are payable from and are secured by a lien on net revenues derived from the operations of BNIA. The bonds are special limited obligations of the Authority. They are not general obligations of the Authority and are not a debt of the State or any political subdivision.

(a) BNIA Condensed Balance Sheet (in thousands)

Assets:	
Current and other	$ 80,576
Capital assets, net	239,674
Total assets	320,250
Deferred outflows of resources	400
Total assets and deferred outflows of resources	$ 320,650
Liabilities:	
Current liabilities	$ 14,423
Long-term liabilities	126,595
Total liabilities	141,018
Net position:	
Net investment in capital assets	114,514
Restricted	42,124
Unrestricted	22,994
Total net position	179,632
Total liabilities and net position	$ 320,650

(b) *BNIA Condensed Statement of Revenues, Expenses and Change in Net Position (in thousands)*

Operating revenues:		
Concessions and commissions	$	26,005
Rental income		11,170
Airport fees and services		16,183
Other		3,552
Total operating revenues		56,910
Operating expenses		39,438
Depreciation expense		18,570
Operating loss		(1,098)
Non-operating revenues (expenses):		
Passenger facility charges		9,181
Change in fair value of swap agreements		576
Interest expense, net		(3,862)
Airport noise abatement		(2,819)
Other, net		(3,207)
Operating Transfers		(4,250)
Change in net position before capital contributions		(5,479)
Capital contributions		4,894
Change in net position		(585)
Net position - beginning of year		180,096
Cumulative effect of restatement		121
Net position - beginning, as restated		180,217
Net position - end of year	$	179,632

(c) *BNIA Condensed Statement of Cash Flows (in thousands)*

Net cash provided by operating activities	$	32,394
Net cash provided by investing activities		118
Net cash used in capital and related financing activities		(18,115)
Net change in cash		14,397
Cash, beginning of year		40,472
Cash, end of year	$	54,869

(d) Master Resolution Covenant

As required by the Master Resolution authorizing the issuance of airport revenue bonds, the Authority charges rates, rentals, and fees at the BNIA which are sufficient to pay debt service, operating expenses, and any and all other claims and charges relating to the BNIA. In addition, net airport revenues must at all times be at least 125% of net debt service on all bonds outstanding. The Authority has the ability to bill the airlines to meet the bond covenant pursuant to the Airline Use and Lease Agreement.

Airport revenues are defined in the Master Resolution as the total of all revenue from all sources collected by the Authority at the BNIA, which specifically excludes passenger facility charges and includes interest income. Passenger facility charges are not pledged as security for the Airport Revenue Bonds. Operating expenses are defined as all costs to operate and maintain the BNIA including general, administrative, and professional fee expenses allocated by the Authority. Debt service is defined as the total amount required to pay principal and interest, net of amounts available for the payment of interest as defined by the Master Resolution.

Airport revenues:		
Operating revenues	$	56,910
Interest income		112
Gross airport revenues		57,022
Operating expenses, exduding depreciation		(39,438)
Net airport revenues	$	17,584
Net debt service:		
Principal payable		6,850
Interest payable		5,548
Passenger facility charges		(535)
Net debt service	$	11,863
Debt service coverage percentage		148.23%
Minimum percentage requirement		125.00%

Required Supplementary Information (Unaudited)
Schedule of Funding Progress for Other Postemployment Benefits
(In thousands)

For the year ended March 31, 2016

Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability (UAAL)	Deficiency of Assets over UAAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
4/1/2010	$ -	$ 226,304	$ (226,304)	0%	$ 83,823	270.0%
4/1/2012	$ -	$ 194,540	$ (194,540)	0%	$ 82,536	235.7%
4/1/2014	$ -	$ 229,180	$ (229,180)	0%	$ 85,219	268.9%

Postemployment Stipends

Actuarial Valuation Date	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability (UAAL)	Deficiency of Assets over UAAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
4/1/2011	$ -	$ 31,682	$ (31,682)	0%	$ -	0.0%
4/1/2013	$ -	$ 26,328	$ (26,328)	0%	$ -	0.0%
4/1/2015	$ -	$ 23,602	$ (23,602)	0%	$ -	0.0%

Required Supplementary Information (Unaudited)
Schedule of the Authority's Proportionate Share of the Net Pension Liability
New York State and Local Employees' Retirement System (In thousands)

As of the measurement date of March 31, 2015	ERS	PFRS
Authority's proportion of the net pension liability	0.0881407%	0.2697875%
Authority's proportionate share of the net pension liability	$ 2,978,000	$ 742,000
Authority's covered-employee payroll	$ 24,546,000	$ 9,124,000
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	12.13%	8.13%
Plan fiduciary net position as a percentage of the total pension liability	97.90%	97.90%

Data prior to 2015 is unavailable.

Required Supplementary Information (Unaudited)
Schedule of Authority Contributions
New York State and Local Employees' Retirement System (In thousands)

March 31,	2016	2015	2014
ERS			
Contractually required contribution	$ 4,291,000	$ 4,855,000	$ 4,541,000
Contribution in relation to the contractually required contribution	(4,291,000)	(4,855,000)	(4,541,000)
Contribution deficiency (excess)	$ -	$ -	$ -
Authority's covered-employee payroll	$ 24,187,000	$ 24,546,000	$ 22,847,000
Contributions as a percentage of covered-employee payroll	17.74%	19.78%	19.88%
PFRS			
Contractually required contribution	$ 1,962,000	$ 2,394,000	$ 2,230,000
Contribution in relation to the contractually required contribution	(1,962,000)	(2,394,000)	(2,230,000)
Contribution deficiency (excess)	$ -	$ -	$ -
Authority's covered-employee payroll	$ 9,675,000	$ 9,124,000	$ 8,796,000
Contributions as a percentage of covered-employee payroll	20.28%	26.24%	25.35%

Data prior to 2015 is unavailable.

NIAGARA FRONTIER TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

Additional Information
Combining Balance Sheet (In thousands)

March 31, 2016

	NFTA	BNIA	Metro	Total
Assets				
Current assets:				
Cash and cash equivalents	$ 2,812	$ 31,181	$ 3,548	$ 37,541
Accounts receivable, net	107	1,503	2,298	3,908
Grants receivable	3,202	583	31,320	35,105
Due to/from affiliate	(11,780)	4,426	7,354	-
Materials and supplies inventory	-	-	4,735	4,735
Prepaid expenses and other	82	759	220	1,061
	(5,577)	38,452	49,475	82,350
Restricted assets:				
Cash and cash equivalents	7,433	23,688	3,504	34,625
Investments	-	18,436	25	18,461
	7,433	42,124	3,529	53,086
Capital assets, net	86,359	239,674	284,643	610,676
Total assets	93,792	281,798	288,172	663,762
Deferred outflows of resources:				
Deferred outflows of resources from pensions	6,717	400	235	7,352
Total assets and deferred outflows of resources	$ 94,932	$ 320,650	$ 337,882	$ 753,464
Liabilities				
Current liabilities:				
Current portion of long-term debt	$ 363	$ 8,572	$ 701	$ 9,636
Accounts payable and accrued expenses	11,906	5,726	16,560	34,192
Other current liabilities	5,694	125	2,660	8,479
	17,963	14,423	19,921	52,307
Noncurrent liabilities:				
Long-term debt	5,113	115,088	4,888	125,089
Other postemployment benefits	23,888	3,966	106,695	134,549
Estimated liability for self-insured claims	1,930	2,652	35,450	40,032
Net pension liability	3,365	214	597	4,176
Other noncurrent liabilities	6,670	4,675	2,787	14,132
	40,966	126,595	150,417	317,978
Total liabilities	58,929	141,018	170,338	370,285
Net position				
Net investment in capital assets	75,939	114,514	276,007	466,460
Restricted	1,905	42,124	2,143	46,172
Unrestricted	(41,841)	22,994	(110,606)	(129,453)
Total net position	36,003	179,632	167,544	383,179
Total liabilities and net position	$ 94,932	$ 320,650	$ 337,882	$ 753,464

NIAGARA FRONTIER TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

Additional Information
Combining Schedule of Revenues, Expenses and Change in Net Position (In thousands)

For the year ended March 31, 2016

	NFTA	BNIA	Metro	Total
Operating revenues:				
Fares	$ -	$ -	$ 37,506	$ 37,506
Concessions and commissions	1,808	26,005	-	27,813
Rental income	5,882	11,170	-	17,052
Airport fees and services	171	16,183	-	16,354
Other operating revenues	203	3,552	929	4,684
Total operating revenues	8,064	56,910	38,435	103,409
Operating expenses:				
Salaries and employee benefits	14,378	12,548	108,897	135,823
Other postemployment benefits	2,610	704	14,101	17,415
Depreciation	5,645	18,570	25,836	50,051
Maintenance and repairs	2,690	7,474	9,183	19,347
Transit fuel and power	-	-	5,137	5,137
Utilities	851	1,965	1,438	4,254
Insurance and injuries	380	408	2,937	3,725
Other	(1,067)	12,596	3,851	15,380
Administration cost reallocation	(8,560)	3,743	4,817	-
Total operating expenses	16,927	58,008	176,197	251,132
Operating loss	(8,863)	(1,098)	(137,762)	(147,723)
Non-operating revenues (expenses):				
Operating assistance	672	-	106,475	107,147
Passenger facility charges	-	9,181	-	9,181
Change in fair value of swap agreements	-	576	-	576
Interest expense, net	(589)	(3,862)	(275)	(4,726)
Airport noise abatement	-	(2,819)	-	(2,819)
Other non-operating expense, net	2,044	(3,207)	(1,091)	(2,254)
Operating transfers	4,250	(4,250)	-	-
Non-operating net revenues (expenses)	6,377	(4,381)	105,109	107,105
Change in net position before capital contributions	(2,486)	(5,479)	(32,653)	(40,618)
Capital contributions	2,240	4,894	19,756	26,890
Change in net position	(246)	(585)	(12,897)	(13,728)
Net position - beginning of year	34,268	180,096	184,054	398,418
Cumulative effect of restatement (Note 3)	1,981	121	(3,613)	(1,511)
Net position - beginning, as restated	36,249	180,217	180,441	396,907
Net position - end of year	$ 36,003	$ 179,632	$ 167,544	$ 383,179

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Commissioners
Niagara Frontier Transportation Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the balance sheet of Niagara Frontier Transportation Authority (the Authority) (a Component Unit of the State of New York), a business-type activity, as of March 31, 2016, and the related statements of revenues, expenses and change in net position and cash flows for the year then ended, and the related notes to the financial statements. We have also audited the Authority's internal control over financial reporting as of March 31, 2016, based on *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). We have issued our combined report thereon dated June 23, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, and for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lumsden & McCormick, LLP

June 23, 2016

Lumsden McCormick LLP
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW

The Board of Commissioners
Niagara Frontier Transportation Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Niagara Frontier Transportation Authority (the Authority), a business-type activity and a Component Unit of the State of New York, which compromises the balance sheet as of March 31, 2016, and the related statement of revenue, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated June 23, 2016.

In connection with our audit, nothing came to our attention that caused us to believe that the Authority failed to comply with §2925(3)(f) of the New York State Public Authorities Law regarding investment guidelines during the year ended March 31, 2016. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Authority's noncompliance with the above rules and regulations.

The purpose of this report is solely to describe the scope and results of our testing. This communication is not suitable for any other purpose.

Lumsden & McCormick, LLP

June 23, 2016

CORPORATE:

2. C. (2) Ratification of Authorization for Lease Agreement, NavSim Services, Inc., 247 Cayuga Road, NFTA

RECOMMENDATION: Staff recommends that the Board ratify and confirm in all respects a Lease Agreement with NavSim Services, Inc. (Anthony J. Kunecki, President) for space at 247 Cayuga Road, Cheektowaga.

INFORMATION: NavSim Services, Inc. (NavSim) develops maritime simulation and waterside surveillance systems. NavSim requested 1,872 square feet of Class C+ office space. The initial rent will be $11.50 per square foot or $21,528 per year, subject to a 3% annual escalator. The two-year term commenced on July 1, 2016 and will expire on June 30, 2018 unless earlier terminated by the NFTA.

FUNDING: No funding is necessary.

> "**RESOLVED**, that the Board hereby ratifies and confirms in all respects the execution, delivery and performance by the NFTA of the Lease Agreement with NavSim Services, Inc. for use of space at 247 Cayuga Road on the terms and subject to the conditions set forth therein, as generally described above."

CORPORATE:

2. C. (3) Ratification of Authorization for Lease Agreement, You First Services, Inc., 485 Cayuga Road, NFTA

RECOMMENDATION: Staff recommends that the Board ratify and confirm in all respects a Lease Agreement with You First Services, Inc. (John M. Barrett, CEO) for space at 485 Cayuga Road, Cheektowaga.

INFORMATION: You First Services, Inc. (YFS) is a recently approved STARTUP NY company. It is a research and development company that develops medical technologies and environmental diagnostics for preventative health care, and has a history of successfully introducing products into market.

YFS requested 4,019 square feet of commercial space in the north portion of the west wing at 485 Cayuga Road. The initial rent is $9.75 per square foot or $39,185.25 per year, subject to a 3% annual escalator. The five-year term commenced on July 1, 2016 and will expire on June 30, 2021 unless terminated earlier as more fully described below.

As is customary, the NFTA has the right to terminate the Lease Agreement in accordance with the terms thereof. YFS has a one-time right to terminate the Lease Agreement, exercisable not later than thirty (30) calendar days following the last day of the third year of the lease term by providing the NFTA with ninety (90) days prior written notice. YFS also has a right of first refusal with respect to the lease of 2,815 square feet of additional space, which is currently vacant, located in the south portion of the west wing at 485 Cayuga Road.

As per the NFTA's broker's agreement with Hunt Real Estate for services at 485 Cayuga Road, a 5% real estate commission will be paid.

FUNDING: Funds for the real estate broker are contained in operating budget account number 0800995719900.

> "**RESOLVED**, that the Board hereby ratifies and confirms in all respects the execution, delivery and performance by the NFTA of the Lease Agreement with You First Services, Inc., for use of space at 485 Cayuga Road on the terms and subject to the conditions set forth therein, as generally described above."

CORPORATE:

2. C. (4) Authorization for Lease Agreement, J&G Merchandise d/b/a Buffalo Jewelry, 247 Cayuga Road, NFTA

RECOMMENDATION: Staff recommends that the Board authorize a Lease Agreement with J&G Merchandise d/b/a Buffalo Jewelry (David Sciandra, Owner) for space at 247 Cayuga Road, Cheektowaga.

INFORMATION: J&G Merchandise has requested 2,040 square feet of Class C commercial space, to be used for a jewelry distribution business. The initial rent will be $10.25 per square foot or $20,910 per year, with a 3% annual escalator. The two-year term will commence on September 1, 2016 and expire on August 31, 2018 unless earlier terminated by the NFTA.

FUNDING: No funding is necessary.

"**RESOLVED**, that the Board hereby authorizes a Lease Agreement with J&G Merchandise for use of space at 247 Cayuga Road, as generally described above; and

BE IT FURTHER RESOLVED, that the Executive Director, her designee and/or the Chair, be and hereby are, authorized to execute and deliver a Lease Agreement with J&G Merchandise on the general terms and conditions set forth above and as negotiated; and

BE IT FURTHER RESOLVED, that said Lease Agreement shall include such additional terms, conditions and safeguards to the Authority as deemed appropriate by the General Counsel."

CORPORATE:

2. C. (5) Authorization for Lease Agreement, Shannon's Fitness & Dance, LLC, 247 Cayuga Road, NFTA

RECOMMENDATION: Staff recommends that the Board authorize a Lease Agreement with Shannon's Fitness & Dance, LLC (Shannon L. Hockwater, Owner) for space at 247 Cayuga Road, Cheektowaga.

INFORMATION: Shannon's Fitness & Dance has requested 836 square feet of Class C commercial space, to be used for small group therapy with physically challenged clients. The initial rent will be $11.24 per square foot or $9,396 per year. The one-year term will commence on August 1, 2016 and expire on July 31, 2017 unless earlier terminated by the NFTA.

As per NFTA policy, a 5% real estate commission will be paid to Hunt Commercial Real Estate for said Lease Agreement.

FUNDING: Funds for the real estate broker are contained in operating budget account number 0800995719900.

> "**RESOLVED**, that the Board hereby authorizes a Lease Agreement with Shannon's Fitness & Dance, LLC for use of space at 247 Cayuga Road, as generally described above; and
>
> **BE IT FURTHER RESOLVED**, that the Executive Director, her designee and/or the Chair, be, and hereby are, authorized to execute and deliver said Lease Agreement with Shannon's Fitness & Dance, LLC on the general terms and conditions as set forth above and as negotiated; and
>
> **BE IT FURTHER RESOLVED,** that said Lease Agreement shall include such other terms, conditions and safeguards to the Authority as deemed appropriate by the General Counsel."

CORPORATE:

2. C. (6) Authorization for Amendment to Lease Agreement, Lamar Transit Advertising, 247 Cayuga Road, NFTA

RECOMMENDATION: Staff recommends that the Board authorize a Lease Amendment to the Lease Agreement with Lamar Transit Advertising (Brent McCoy, Vice President) for additional leased space at 247 Cayuga Road, Cheektowaga.

INFORMATION: Lamar has been a tenant at 247 Cayuga Road since 2012. The Lease Agreement will expire on August 31, 2017 unless terminated earlier by the NFTA. This Amendment will increase the Class C+ office space under lease from 965 square feet to 1,870 square feet effective September 1, 2016. The rent for this additional 905 square feet of space will be $12.38 per square foot ($11,203.90 per year), which is the same price per square foot as the space currently under lease. All other terms and conditions of the Lease Agreement will remain in effect and be ratified and confirmed in all respects.

FUNDING: No funding is necessary.

> **"RESOLVED**, that the Board hereby authorizes a Lease Amendment with Lamar Transit Advertising for an additional 905 square feet of Class C+ office space at 247 Cayuga Road, as described above; and
>
> **BE IT FURTHER RESOLVED**, that the Executive Director, her designee and/or the Chair, be, and hereby are, authorized to execute and deliver such Lease Amendment with Lamar Transit Advertising on the terms and subject to the conditions set forth above and as negotiated; and
>
> **BE IT FURTHER RESOLVED,** that said Lease Amendment shall include such additional terms, conditions and safeguards to the Authority as deemed appropriate by the General Counsel."

CORPORATE:

2. C. (7) Authorization for Amendment to Lease Agreement, Westmatic Corporation, 485 Cayuga Road, NFTA

RECOMMENDATION: Staff recommends that the Board authorize a Lease Amendment to the Lease Agreement with Westmatic Corporation (Johanna Sundell, President) for additional space at 485 Cayuga Road, Cheektowaga.

INFORMATION: Westmatic has been a tenant at 485 Cayuga Road since 2009. It currently leases 14,562 square feet on the first floor of Bay 5. The Lease Agreement will expire on June 30, 2019 unless terminated earlier by the NFTA. This Lease Amendment will increase the space under lease from 14,562 square feet to 17,341 square feet effective September 1, 2016. The additional 2,779 square feet of leased space will be located on the 2nd floor of Bay 4 and rent for $9.21 per square foot, or $21,328.82 per year. All other terms and conditions of the Lease Agreement will remain in effect and be ratified and confirmed in all respects.

As per the NFTA's Agreement with Hunt Real Estate for services at 485 Cayuga Road, a 3% real estate commission will be paid for this expansion.

FUNDING: Funds for the real estate broker are contained in operating budget account number 0800995719900.

> "**RESOLVED**, that the Board hereby authorizes a Lease Amendment with Westmatic Corporation for an additional 2,779 square feet of leased space at 485 Cayuga Road, as generally described above; and
>
> **BE IT FURTHER RESOLVED**, that the Executive Director, her designee and/or the Chair, be, and hereby are, authorized to execute and deliver said Lease Amendment with Westmatic Corporation on the terms and subject to the conditions set forth above and as negotiated; and
>
> **BE IT FURTHER RESOLVED,** that said Lease Amendment shall include such additional terms, conditions and safeguards to the Authority as deemed appropriate by the General Counsel."

CORPORATE:

2. C. (8) Ratification of Authorization for License Agreement, Be Our Guest, Ltd., 901 Fuhrmann Boulevard, NFTA

RECOMMENDATION: Staff recommends that the Board ratify and confirm in all respects a License Agreement with Be Our Guest, Ltd. (Matthew LaSota, General Manager) for event parking at 901 Fuhrmann Boulevard, Buffalo, New York.

INFORMATION: Erie Canal Harbor Development Corporation (ECHDC) held a charity event, the Bubble Run, on the Outer Harbor on July 2, 2016. ECHDC requested that the NFTA grant the ECHDC's event manager, Be Our Guest, Ltd. (BOG), the right to use the parking lot located at 901 Fuhrmann for the sole purpose of "overflow" parking.

The License Agreement executed by the NFTA and BOG provided (i) for payment of $1.00 per car parked at 901 Fuhrmann, which reflects 20% of the $5.00 per car parking fee charged by BOG, (ii) that BOG would maintain, at its cost, certain insurance coverage and name the NFTA as an additional insured thereunder, (ii) that BOG would indemnify the NFTA for any and all claims and losses incurred by it in connection with any act or omission by BOG.

Promptly following the event, BOG informed the NFTA, in writing, that its 20% share of the parking revenue collected totaled $325 and such amount would be promptly remitted.

FUNDING: No funding was necessary.

> "**RESOLVED**, that the Board hereby ratifies and confirms in all respects the execution, delivery and performance by the NFTA of the aforementioned License Agreement with Be Our Guest, Ltd. on the terms and subject to the conditions described above."

CORPORATE:

2. C. (9) Authorization for Amendment, Air Cargo Ground Lease, BNIA

RECOMMENDATION: Staff recommends that the Board authorize short term extensions to three of the eight Ground Leases associated with the air cargo development project at BNIA in exchange for the termination of one of the Ground Leases which results in the NFTA taking back land that has not been developed. The extensions to the Ground Leases changes the termination dates from December 22, 2028 to December 22, 2031 for Parcel 1, from February 1, 2032 to February 23, 2033 for Parcel 2A and from October 31, 2029 to February 23, 2033 for Parcel 4. The Parcel 3 Ground Lease will terminate and the land will revert back to the NFTA.

INFORMATION: The NFTA originally ground leased approximately 33 acres to Air Cargo Buffalo in 1985, as part of a competitive selection process, for the construction and development of air cargo facilities immediately adjacent to the Buffalo Niagara International Airport and the construction and development of office buildings fronting Cayuga Road. The office buildings were to serve as a buffer to the air cargo facilities. Air Cargo Buffalo was granted the exclusive right to develop and operate air cargo at BNIA through the terms of the Ground Lease. The original Ground Lease provided for the parties to execute separate Ground Leases for purposes of financing the development as discreet buildings were constructed. Separate Ground Leases were eventually executed as each building was constructed and the lease terms for these separate Ground Leases commenced upon substantial completion of the building. This resulted in varying termination dates for the separate Ground Leases. The buildings revert to the NFTA at the end of the Ground Leases.

The parties wish extend the termination dates of three of the Ground Leases to provide for coterminous expiration dates based upon use of the property. This will provide the NFTA with flexibility in managing those buildings when the buildings are taken over by the NFTA. The Cargo Parcels include the FedEx facility. The Ground Lease where the FedEx facility is situated runs through December 22, 2031. The NFTA desires to extend the December 22, 2028 termination date of the Parcel 1 Ground Lease, which contains an air cargo building that includes UPS and air carriers as tenants, to be coterminous with the FedEx Ground Lease. This will result in the air cargo parcels expiring on December 22, 2031. The extension will allow for both facilities to revert to the NFTA at the same time and thereby provide the NFTA with the needed flexibility for the continued leasing and operation of these air cargo facilities. Air Cargo Buffalo agreed to the termination of the Parcel 3 Ground Lease which was intended for future air cargo development. There currently is no structure situated on Parcel 3. This land would be available for NFTA development. The NFTA's development rights are limited due to the exclusivity clause in the Ground Leases. Staff negotiated a sunset provision for the exclusivity. The exclusivity would terminate upon the earlier of the Air Cargo strip building, located on Parcel 1, being fully occupied or May 6, 2021. Under the terms of the existing Ground Leases Air Cargo's exclusivity would run through December 22, 2031. The NFTA will be able to develop Parcel 3 for other than air cargo uses prior to the termination of the exclusivity clause. The United States Post Office Ground Lease will remain unchanged with a termination date of December 31, 2039.

The development also included the construction and development of four offices buildings. These Ground Leases also have varying expiration dates. Parcels 2A, 2B and 4 run contiguous to each other fronting Cayuga Road. The parties desire to extend the Parcel 2A and Parcel 4 termination dates from February 1, 2032 and October 31, 2029 respectively to February 23, 2033 which is the termination date of the Parcel 2B Ground Lease. This short term extension of the two Ground Leases will provide the NFTA with flexibility for the leasing and operation of these three contiguous office buildings upon reversion to the NFTA. The termination date of March 31, 2038 for the fourth office Ground Lease will remain unchanged.

FUNDING: No funding required.

"**RESOLVED,** that the Board hereby authorizes an Amendment to the Ground Lease Agreement with Air Cargo Buffalo as described hereinabove; and

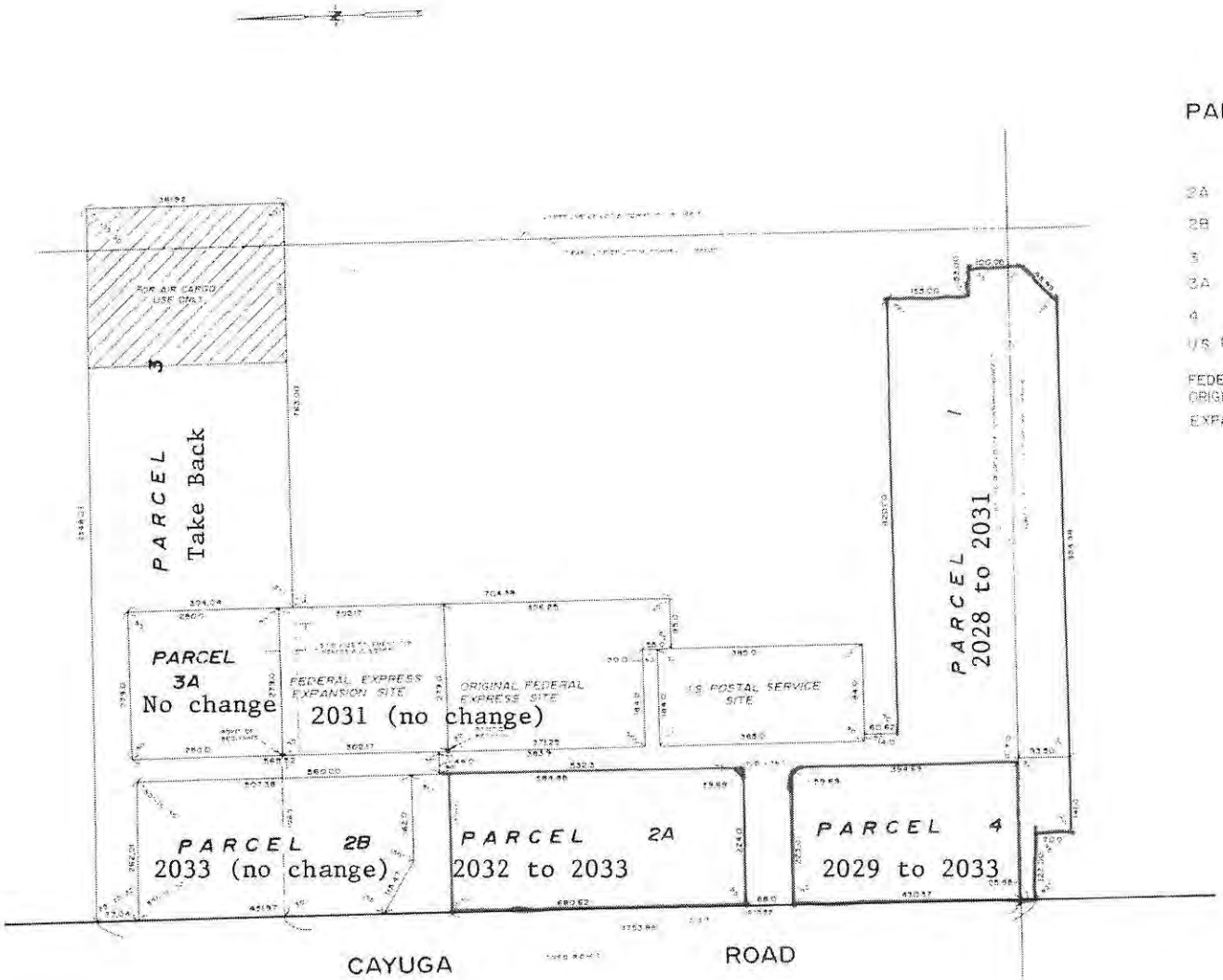
BE IT FURTHER RESOLVED, that the Executive Director, her designee and/or the Chair, be and are hereby authorized to execute and deliver said Amendment with Air Cargo Buffalo as described above; and

BE IT FURTHER RESOLVED, that said Amendment shall include such additional terms, conditions and safeguards to the Authority as deemed appropriate by the General Counsel; and

BE IT FURTHER RESOLVED, that the Chief Financial Officer, be and he is hereby authorized to make payments under said Amendment upon certification by the Director of Aviation, that such payments are in order based upon receipt of all required supporting documentation."

Cargo Parcels	Expiration Date	Proposed Co-Term Date
Parcel 1	12/22/2028	12/22/2031
Parcel 3	12/22/2028	Take Back Land – No building
FedEx	12/22/2031	12/22/2031 No change
Post Office	12/31/2039	02/31/2039 No Change

Exception Areas/Office	Expiration Date	Proposed Co-Term Date
Parcel 2A (303 Cayuga)	02/01/2032	02/23/2033
Parcel 2B (305 Cayuga)	02/23/2033	02/23/2033 No change
Parcel 3A (307 Cayuga)	03/31/2038	03/31/2038 No change
Parcel 4 (301 Cayuga)	10/31/2029	02/23/2033



PARCEL	AREA
	8.256 ± ACRES
2A	3.806 ± ACRES
2B	2.992 ± ACRES
3	7.927 ± ACRES
3A	1.793 ± ACRES
4	2.957 ± ACRES
U.S. POSTAL SITE	1.626 ± ACRES
FEDERAL EXPRESS ORIGINAL SITE	2.498 ± ACRES
EXPANSION SITE	1.935 ± ACRES

PARCEL MAP
OF
PART OF LOTS 8, 13, & 14, TOWNSHIP 11 RANGE 7
TOWN OF CHEETOWAGA ERIE COUNTY NEW YORK

KREHBIEL ASSOCIATES
ENGINEERS - SURVEYORS

CORPORATE:

2. C. (10) Authorization for Settlement, Rabia Saber v. Niagara Frontier Transit Metro System, Inc.

RECOMMENDATION: Staff recommends that the Board authorize payment of the settlement amount of $135,000 in the matter of Rabia Saber v. Niagara Frontier Transit Metro System, Inc.

INFORMATION: The action arises out of a fall down on a Metro bus on January 31, 2011 on Elmwood Avenue near Fordham in the City of Buffalo. Then, 61 year old Rabia Saber, boarded the bus at Amherst and Elmwood, carrying a number of packages. She swiped a reduced fare card after boarding. The operator requested identification. The Plaintiff proceeded to place her bags on a platform on top of the wheel well and searched for her identification. There were several seats available immediately next to her, yet she remained standing and did not utilize the handrails, stanchions or straps available for standing passengers. When Ms. Saber located her identification, she presented it to the bus operator who was proceeding south on Elmwood in the right curb lane. The operator glanced briefly to her right to look at the ID. When she turned her attention back to the roadway, she realized a mail truck had stopped in the right lane of travel ahead of her. She braked abruptly to avoid impact with the mail truck. Upon braking, the Plaintiff was thrown forward, impacted the front lower dash and landed in the stepwell. The incident was captured by the digital video surveillance system located on the bus. The Plaintiff was transported via ambulance to Buffalo General Hospital, where she complained of head, neck, back, shoulder, knee and ankle pain.

As a result of the fall, the Plaintiff alleges she sustained the following causally related injuries: 1) a left rotator cuff tear that necessitated arthroscopic repair with subacromial decompression, extensive arthroscopic debridement of a glenoid labral tear with biceps tenotomy and clavicle resection; 2) extensive tear of the posterior horn of the left medial meniscus for which arthroscopic surgery has been recommended; 3) left wrist TFCC tear with ulnar impaction that necessitated surgery; 4) cervical disc herniation; and 5) concussion with visual changes.
Ms. Saber underwent an examination by an orthopedic surgeon and a neurosurgeon at our behest. We had favorable arguments to make as to the nature and extent of the injuries sustained in the fall, which Plaintiff's counsel tacitly acknowledged by agreeing to cap potential damages at $150,000, a significantly lower amount than full value.

On March 9, 2016, the jury presiding over a bifurcated, liability only trial in New York Supreme Court before Judge Deborah Chimes, returned a verdict in favor of Rabia Saber. Our operator made a less than favorable appearance and the video evidence clearly depicted a bad fall. Plaintiff's counsel successfully argued that the operator should have ensured the Plaintiff was seated before moving the bus and, further, should have been aware of the mail truck sooner such that she would have been able to avoid an emergency stop.

Following the trial, we filed a post-trial Motion to Set Aside the Verdict in the interests of justice, given what we believe was judicial error in allowing several of our operating rules in over objection, which we argued transcended the legal standard of care. In addition, we perceived improper and inflammatory comments made in counsel's summation as prejudicial

and possibly tantamount to reversible error. In response to the motion, the Court engaged in a settlement conference in an effort to resolve the case prior to issuing a ruling. The Plaintiff agreed to accept $135,000 in full and final settlement of the matter, subject to Board approval.

FUNDING: Provided by NFTA, through Self-Insurance Reserves.

> "**RESOLVED**, that the Board hereby authorizes payment of the settlement amount of $135,000 in the matter concerning the accident which occurred on January 31, 2011; and
>
> **BE IT FURTHER RESOLVED**, that the Executive Director, her designee, and/or the Chair be and hereby are authorized to execute such payments as necessary to resolve the matter of Rabia Saber v. Niagara Frontier Transit Metro System, Inc., said authorization providing for payments in the not-to-exceed amount of $135,000; and
>
> **BE IT FURTHER RESOLVED**, that the Chief Financial Officer be and he is hereby authorized to make payments under said agreement upon certification by the General Counsel that such payments are in order."

3. AVIATION BUSINESS GROUP REPORT

A. Aviation Committee Report
B. Financial Update
C. Business Update
D. Resolutions

Aviation Resolutions

i. Niagara Frontier Transportation Authority, Acceptance of Aviation Resolutions 3. D. (1) through 3. D. (7)

1. Authorization for Agreements, Union Concrete and Construction Corporation; DiDonato Associates, Engineering and Architecture, P.C., Runway 14-32 Rehabilitation Construction and Construction Monitoring, BNIA

2. Authorization for Agreement, Kandey Company, Inc., Construction of Fuel Farm Storage Tank Piping Supports, BNIA

3. Authorization for Agreement, Industrial Power & Lighting Corporation, Exterior Site Lighting Upgrade, BNIA

4. Authorization for Procurements, Furnishings for the New ARFF Facility at BNIA

5. Authorization for Agreement, ComputerSearch, Revenue Control Equipment Preventative Maintenance Service, BNIA

6. Authorization for Agreement, McFarland Johnson, Inc., Environmental Assessment for Obstruction Removals, NFIA

7. Authorization for Amendment to Lease Agreement, Niagara Aerospace Museum, Inc., NFIA

AVIATION:

3. D. (i) Niagara Frontier Transportation Authority, Acceptance of Aviation Resolutions 3. D. (1) through 3. D. (7)

The Executive Director advised that Items 3. D. (1) through 3. D. (7) have been discussed with the Board of Commissioners of the NFTA, and the Board is unanimously in favor of all subject Resolutions.

Whereupon, it was moved by Commissioner Durand seconded by Commissioner Gurney that the following Resolution be adopted:

> "**RESOLVED**, that the Resolutions of the Niagara Frontier Transportation Authority, identified as numbers 3. D. (1) through 3. D. (7) and dated July 28, 2016 as set forth herein, be and hereby are accepted and approved in their entirety."

AYES: **ROCHE, DEMAKOS, DURAND, GURNEY, ANSARI, AUL, BAYNES, HUGHES**

NOES: **NONE**

ADOPTED

AVIATION:

3. D. (1) Authorization for Agreements, Union Concrete and Construction Corporation; DiDonato Associates, Engineering and Architecture, P.C., Runway 14-32 Rehabilitation Construction and Construction Monitoring, BNIA

RECOMMENDATION: Staff recommends that the Board award the subject project construction contract to Union Concrete and Construction Corp., for the total bid amount of $11,947,811.00, and the corresponding construction monitoring contract to DiDonato Associates, Engineering and Architecture, P.C. for a cost plus fixed fee not to exceed amount of $1,686,234. Board award is contingent on FAA Airport Improvement Program (AIP), Passenger Facility Charges (PFC) and New York State Department of Transportation (NYSDOT) grant funding approval.

INFORMATION: This project rehabilitates the Buffalo Niagara International Airport's cross wind runway, Runway 14-32.

Construction contract: The construction contract includes the following:

- FAA standards mandated upgrades - pavement alignment, lighting electrical circuiting, airfield guidance signs, pavement markings, and renaming stub taxiways
- Construction Safety and Phasing Plan
- Construction Storm Water Pollution Prevention Plan
- Asphalt pavement reconstruction (recycle in place and overlay)
- Asphalt pavement removal and replacement (traditional milling and overlay)
- Storm drainage work
- New high intensity runway edge lights, and stub taxiway lights
- New runway and taxiway guidance signs
- Relocation of FAA owned navigational instruments (Precision Approach Path Indicator and Runway End Identifier Lighting)
- Taxiway Lima Closure
- New runway distance remaining signs
- 120 day runway closure

Construction Notice to Proceed will follow formal FAA authorization.

Staff advertised the construction contract documents in accordance with NFTA procurement guidelines. Six document holders were identified as potential bidders with five responding as follows:

Company	Total Bid Amount
Union Concrete and Construction Company West Seneca, New York Robert Hill, President	$11,947,811.00
Mark Cerrone, Inc. Niagara Falls, New York Stephanie Churakos, President & Treasurer	$13,097,333.50

Zoladz Construction Co., Inc. Alden, New York John Zoladz, CEO	$13,476,160.42
Accadia Site Contracting, Inc. Depew, New York Paul Marinaccio, President	$13,742,552.56
Cold Spring Construction Co.` Akron, New York Stephen R. Forrestel, CEO	$13,898,762.00

Analysis of the bids confirm the low bidder, Union Concrete and Construction Company, has the knowledge, understanding, and ability to successfully accomplish the project work.

The NFTA Affirmative Action/EEO office was briefed on the bid results. 3.3% DBE participation was identified. Union Concrete and Construction Company will pursue additional DBE certified contractors and suppliers possibilities.

Construction Monitoring:

On July 23, 2015, the Board authorized an agreement with DiDonato Associates, Engineering and Architecture, P.C. for design services. The RFP process used to select DiDonato Associates included the option for the NFTA to negotiate construction monitoring services.

Construction Monitoring scope of services include the following items:

- Full time inspection
- Material testing
- Contract document interpretation
- Project schedule review
- Maintenance of records
- Progress payment review
- Contract specified professional services
- Subcontractor/supplier review
- Contractor submittals review
- Progress reporting
- Commissioning
- As-build drawing preparation
- Project closeout

The staff conducted negotiations with DiDonato Associates, Engineering and Architecture, P.C. with the following results:

Engineers Estimate	$1,653,285.00
Original Proposal	$1,694,283.00
Negotiated Cost Proposal	$1,686,234.00

DiDonato proposes 21% DBE participation through their sub-consultants, Watts Architecture and Engineering, P.C. and RDM International Inc.

FUNDING: The following funding is pending Federal Aviation Administration approval.

	Construction	Construction Monitoring
FAA AIP	$5,544,401.23	$727,123.27
PFC	$5,454,342.90	$837,923.52
NYSDOT	$924,066.87	$121,187.21
ADF	$25,000.00	$0.00
TOTAL	$11,947,811.00	$1,686,234.00

"**RESOLVED,** that the Board hereby authorizes an Agreement with Union Concrete and Construction Corporation for the Runway 14-32 rehabilitation construction project at the Buffalo Niagara International Airport for a total bid amount of $11,947,811.00 as described herein; and

BE IT FURTHER RESOLVED, that the Board hereby authorizes an Agreement with DiDonato Associates, Engineering and Architecture, P.C. for the construction monitoring of the runway rehabilitation at the Buffalo Niagara International Airport at a cost plus fixed fee not-to-exceed amount of $1,686,234.00 as described above; and

BE IT FURTHER RESOLVED, that the Executive Director, her designee and/or the Chair, be and are hereby authorized to execute and deliver the aforementioned Agreements with Union Concrete and Construction Corporation and DiDonato Associates, Engineering and Architecture, P.C. as described above; and

BE IT FURTHER RESOLVED, that said Agreements shall include such additional terms, conditions and safeguards to the Authority as deemed appropriate by the General Counsel; and

BE IT FURTHER RESOLVED, that the Chief Financial Officer, be and he is hereby authorized to make payments under said Agreement upon certification by the Director of Engineering, that such payments are in order based upon receipt of all required supporting documentation."

AVIATION:

3. D. (2) Authorization for Agreement, Kandey Company, Inc., Construction of Fuel Farm Storage Tank Piping Supports, BNIA

RECOMMENDATION: Staff recommends that the Board award the subject construction project contract to Kandey Company, Inc. for the lump sum bid amount of $255,655.00.

INFORMATION: Due to frost induced pipe support movements, the piping within the Buffalo Niagara International Airport's Fuel Farm leaked at many valve flanges. Several piping supports are temporarily modified to prevent leaks and maintain operations.

The construction contract includes the following:

- Construction survey & layout
- New pipe supports
- New pipe support foundations
- Construction Safety and Phasing Plan
- Replacement of isolation and check valves on Jet A storage tanks

Staff advertised the construction contract documents in accordance with NFTA procurement guidelines. Eight document holders were identified as potential bidders with four declining to bid on the project. The four non-bidders cited difficulty in meeting the MWBE and Service Disabled Veteran Owned Business (SDVOB) goals as well as the stated requirement that at least 50% of the work be performed by its own labor force, in each case, due to the limited nature of the scope.

The four responsible bidders are as follows:

Company	Total Bid Amount
Kandey Company, Inc. 19 Ransier Drive West Seneca, NY 14224 Joseph Kandefer, VP	$255,655.00
Hohl Industrial Services, Inc. 770 Riverview Blvd. Tonawanda, NY 14150 Thomas J Santulli, VP	$315,000.00
BVR Construction Co., Inc. 8 King Road Churchville, NY 14428 H.L. Stephenson II, President	$391,000.00
Sicoli Construction Services, Inc. 4800 Hyde Park Blvd. Niagara Falls, NY 14305 Benjamin R. Sicoli, President	$579,700.00

Analysis of the bids confirm the low bidder, Kandey Company, Inc., has demonstrated the knowledge, understanding, and ability to successfully complete the construction project.

Kandey Company, Inc. identified 16.3% MBE, 5.9% SDVOB and 8.6% WBE participation. The NFTA Affirmative Action/EEO office has been briefed on the bid results.

FUNDING: Funding is 100% Airport Development Funds. The account code is 3188-2-2663.

> **"RESOLVED,** that the Board hereby authorizes an Agreement with Kandey Company, Inc. for the construction of fuel farm storage tank piping supports needed at the Buffalo Niagara International Airport at lump sum cost of $255,655.00 as described herein; and
>
> **BE IT FURTHER RESOLVED,** that the Executive Director, her designee and/or the Chair, be and are hereby authorized to execute and deliver the aforementioned Agreement with Kandey Company, Inc. as described above; and
>
> **BE IT FURTHER RESOLVED,** that said Agreements shall include such additional terms, conditions and safeguards to the Authority as deemed appropriate by the General Counsel; and
>
> **BE IT FURTHER RESOLVED,** that the Chief Financial Officer, be and he is hereby authorized to make payments under said Agreement upon certification by the Director of Engineering, that such payments are in order based upon receipt of all required supporting documentation."

AVIATION:

3. D. (3) Authorization for Agreement, Industrial Power & Lighting Corporation, Exterior Site Lighting Upgrade, BNIA

RECOMMENDATION: Staff recommends that the Board award the subject construction contract to Industrial Power & Lighting Corporation for a total lump sum bid amount of $388,600.00 for the base bid, Add Alternate #1 and Add Alternate #2.

INFORMATION: The project scope of work is to install additional site lighting at the air cargo outdoor operations facility at the Buffalo Niagara International Airport. The Air Cargo Tenants have indicated the air cargo ramp light levels are low and problematic for their nighttime operations. Presently, the Air Cargo Tenants provide their own temporary lighting during nighttime work.

The base bid work includes the installation of four 60-foot poles and concrete foundations, light mounting brackets, forty-four high capacity area light fixtures, obstruction light beacons, lightning protection, wildlife protection system and associated electrical infrastructure at specified locations around the air cargo ramp.

Add Alternate #1 includes installation of a concrete foundation and conduits for a fifth pole.

Add Alternate #2 includes the installation of one 60-foot pole, light mounting brackets, high capacity area light fixtures, obstruction light beacon, lighting protection and wildlife protection system for a fifth pole.

This project was publicly advertised in accordance with NFTA Procurement Guidelines. Ten (10) sets of contract documents were distributed to potential prime bidders with three (3) responding as follows:

Company	Total Base Bid Amount of Bid	Total Add Alternate #1 amount of Bid	Total Add Alternate #2 Amount of Bid	Total Bid Amount
Industrial Power & Lighting Corporation Buffalo, NY Richard A. Lombard, President	$349,000.00	$5,000.00	$34,600.00	$388,600.00
O'Connell Electric Company, Inc. Victor, NY Victor E. Salerno, CEO	$398,500.00	$4,580.00	$34,900.00	$437,980.00
Pinto Construction Services, Inc. Buffalo, NY James J. Panepinto, President	$534,000.00	$25,000.00	$60,000.00	$619,000.00

It has been determined that the low bidder, Industrial Power & Lighting Corporation, has the knowledge, understanding, and ability to successfully accomplish the work for this project.

The NFTA Affirmative Action/EEO office has been briefed on the bid results. Industrial Power & Lighting Corporation identified their MWBE participation as 15% MBE and 15% WBE.

FUNDING: Funding will be supported by account code 120000000-3188-2-2645 as follows:

NYSDOT	70%	$272,020.00
Airport Development Fund (ADF)	30%	$116,580.00
	Total	$388,600.00

"**RESOLVED,** that the Board hereby authorizes an Agreement with Industrial Power & Lighting Corporation for the installation of additional site lighting at the Air Cargo outdoor operations facility at the Buffalo Niagara International Airport for a lump sum cost of $388,600.00, as generally described above; and

BE IT FURTHER RESOLVED, that the Executive Director, her designee and/or the Chair, be, and hereby are, authorized to execute and deliver an Agreement with Industrial Power & Lighting Corporation, as generally described above; and

BE IT FURTHER RESOLVED, that said Agreement shall include such additional terms, conditions and safeguards to the Authority as deemed appropriate by the General Counsel; and

BE IT FURTHER RESOLVED, that the Chief Financial Officer, be and he is hereby authorized to make payments under said Agreement upon certification by the Director of Aviation, that such payments are in order based upon receipt of all required supporting documentation."

AVIATION:

3. D. (4) Authorization for Procurements, Furnishings for the New ARFF Facility at BNIA

RECOMMENDATION: Staff recommends that the Board authorize the procurement of furnishings for the new Aircraft Rescue Fire Fighting (ARFF) building at BNIA totaling $171,267.96. Construction of the new ARFF building is scheduled for completion during February of 2017.

INFORMATION: The ARFF Department, consisting of 41 staff members, is on duty 24 hours every day. Aviation staff utilized Prentice Office Environments & Interior Solutions of WNY, LLC to coordinate the design and procurement of furnishings for the new ARFF building using six (6) NYS Office of General Services and one (1) General Services Administration (GSA) authorized furniture vendors. The entire building, approximating 14,000 square feet, will be furnished including dormitories, offices, dining room, kitchen, dispatch, training, and conference rooms.

The following vendors will be utilized:

Vendor	NYS Contract	Cost
Steelcase, Inc.	PC66325	$ 97,306.24
F.E. Hale Manufacturing Co.	PC66529	8,783.32
Sauder Manufacturing Co.	PC66463	19,374.56
Landscape Forms, Inc.	PC66296	7,251.96
RT London	PC66515	27,565.19
Mayline Group	PC58541	827.37
Sub-total		$161,108.64
Flexsteel Industries	GSA Contract GS-28F-2101D	10,159.32
Total		$171,267.96

The above listed cost of furnishings includes delivery, assembly and installation.

FUNDING: Funding for this procurement will be 100% Airport Development Funds.

"RESOLVED, that the Board hereby authorizes the procurement of furnishings for the new ARFF Facility at the Buffalo Niagara International Airport from the above listed vendors for a cost totaling $171,267.96 as described above; and

BE IT FURTHER RESOLVED, that the Manager, Procurement, be and she is hereby authorized to issue Purchase Orders to the above listed vendors for the procurement of such furnishings to be used as described hereinabove; and

BE IT FURTHER RESOLVED, that said Purchase Orders shall include such additional terms, conditions and safeguards to the Authority as deemed appropriate by the General Counsel; and

BE IT FURTHER RESOLVED, that the Chief Financial Officer, be and he is hereby authorized to make payments under said Purchase Order(s) upon certification by the Director of Aviation that such payments are in order based upon receipt of all required supporting documentation."

AVIATION:

3. D. (5) Authorization for Agreement, ComputerSearch, Revenue Control Equipment Preventative Maintenance Service, BNIA

RECOMMENDATION: Staff recommends that the Board approve the continuation of a scheduled preventative maintenance program for all revenue control equipment within all BNIA parking lots for a 3-year period commencing August 1, 2016 totaling $116,812. The service will be provided by ComputerSearch (formerly Victor Liberator Time System, Inc.), which is the exclusive regional distributor of McGann software and Amano equipment utilized within the BNIA parking lots.

INFORMATION: BNIA parking operations generate revenues totaling approximately $16 million annually. BNIA utilizes McGann software and Amano equipment to control, calculate, and record parking revenues. All revenue control software and hardware is proprietary and can only be serviced by ComputerSearch who is the exclusive distributor and service provider within Western New York.

The scheduled preventative maintenance is important to prevent disruptions in business operations as well as to preserve the integrity and reliability of equipment used within the parking operations. The program includes scheduled maintenance for all parking lot gates, AVI readers, lag readers, fee computers, validators, ticket spitters, and other equipment.

The cost of preventative maintenance services for the 3-year period commencing August 1, 2016 is $116,812, including $37,980 during the first year, $38,929 during the second year, and $39,903 during the third year.

FUNDING: 100% Airport Development funds.

> **"RESOLVED,** that the Board hereby authorizes an Agreement with ComputerSearch for the scheduled preventative maintenance program for all revenue control equipment in the Buffalo Niagara International Airport parking lots as described above; and
>
> **BE IT FURTHER RESOLVED,** that the Executive Director, her designee and/or the Chair, be and are hereby authorized to execute and deliver an Agreement with ComputerSearch as described above; and
>
> **BE IT FURTHER RESOLVED,** that said Agreement shall include such additional terms, conditions and safeguards to the Authority as deemed appropriate by the General Counsel; and

BE IT FURTHER RESOLVED, that the Chief Financial Officer, be and he is hereby authorized to make payments under said Agreement upon certification by the Director of Aviation, that such payments are in order based upon receipt of all required supporting documentation."

AVIATION:

3. D. (6) Authorization for Agreement, McFarland Johnson, Inc., Environmental Assessment for Obstruction Removals, NFIA

RECOMMENDATION: Staff recommends that the Board approve a term consultant contract to McFarland Johnson, Inc. to conduct an environmental assessment (EA) for obstruction removals at the Niagara Falls International Airport (NFIA). The cost of the consultant services to be provided by McFarland Johnson, Inc. is $188,957.

INFORMATION: As defined in 14 CFR Part 77 and FAA AC 150/5300-13A, documentation of approach surface obstructions are required. Additionally, an FAA Memorandum dated August 18, 2015 states "the airport is also responsible for establishing and maintaining clear approach and departure surfaces at airports." To comply with these regulations, NFIA recently surveyed all runway obstructions as a part of the latest NFIA Master Plan conducted by McFarland Johnson, Inc. This survey revealed numerous obstructions and soon to be obstructions. The NFIA Master Plan recommends addressing these obstructions as soon as possible.

The recent acquisition of property at the end of runway 10L-28R was a key part to starting this project as soon as possible because it contains the majority of the obstructions identified. Approximately 75% of this property is identified as NYDEC wetland which requires a delineation of said property, and then appropriate measures will be identified to mitigate the obstructions. All trees will be physically identified and tagged to get an accurate tree count for future project phasing purposes. Off-site NFIA property obstructions will also be identified and included in the EA, as well as being included in the overall obstruction mitigation phasing plan. This project will identify the plan for phasing and determination of the best mitigation approach for all obstructions.

The EA will also serve as the basis for a Full Environmental Assessment Form (FEAF) to be prepared in accordance with the requirements of the State Environmental Quality Review Act (SEQRA).

Staff is recommending McFarland Johnson, Inc. to perform this project because of their environmental expertise and their background knowledge of the airport and its obstructions based upon their performance of the current Master Plan update. Staff obtained an FAA required independent fee estimate from a third party consultant to identify a cost estimate for the EA services. The acceptable price range that was concluded from this independent fee estimate was $159,589 to $195,053. The price quoted by McFarland Johnson, Inc. of $188,957 falls in this range and was deemed fair and reasonable.

FUNDING: The proposed funding, pending FAA approval, will be:

90%	FAA
5%	NYSDOT
5%	Future Passenger Facility Charges

"RESOLVED, that the Board hereby authorizes an Agreement with McFarland Johnson, Inc. to conduct an environmental assessment for obstruction removals at the Niagara Falls International Airport as described above; and

BE IT FURTHER RESOLVED, that the Executive Director, her designee and/or the Chair, be and are hereby authorized to execute and deliver an Agreement with McFarland Johnson, Inc. as described above; and

BE IT FURTHER RESOLVED, that said Agreement shall include such additional terms, conditions and safeguards to the Authority as deemed appropriate by the General Counsel; and

BE IT FURTHER RESOLVED, that the Chief Financial Officer, be and he is hereby authorized to make payments under said Agreement upon certification by the Director of Aviation, that such payments are in order based upon receipt of all required supporting documentation."

AVIATION:

3. D. (7) Authorization for Amendment to Lease Agreement, Niagara Aerospace Museum, Inc., NFIA

RECOMMENDATION: Staff recommends that the Board authorize an Amendment to the Lease Agreement with Niagara Aerospace Museum, Inc. (NAM) for the leasing of an additional 1,658 square feet of space in the old terminal building at Niagara Falls International Airport effective August 1, 2016 for a total 20,052 square feet of leased premises at a per annum rate of $41,386.50 plus utilities. Staff further recommends that the Board authorize a one year extension of the term of the lease through November 30, 2017 and a one year renewal option in the NFTA's sole discretion.

INFORMATION: NAM desires to lease an additional 1,658 square feet of space in the old terminal building at NFIA. NAM desires additional space to store artifacts and establish a library as part of its aerospace museum which opened in the spring of 2013. The additional space is need of repair and NAM will undertake the improvements at its sole cost. The total square footage that will be under lease to NAM is 20,052 square feet. NAM currently pays a per annum rental rate of $41,386.50. This per annum rate will include the additional 1,658 square feet. The additional square footage is included in the per annum rental rate due to the repairs that are needed to the premises and the short term length of the lease. NAM will continue to be responsible for all repairs and capital improvements to the building that may be necessary to conduct its operations and utilities. The term of the lease will be extended one year, from November 30, 2016 through November 30, 2017, and provide for a one year renewal option in the NFTA's sole discretion. The amended lease will further provide the NFTA the right to terminate the lease, in its sole discretion, upon 90 days written notice.

FUNDING: No funding is necessary.

> "**RESOLVED**, that the Board hereby authorizes a Lease Amendment with the Niagara Aerospace Museum for an additional 1,658 square feet of leased space in the old terminal building at the Niagara Falls International Airport, as generally described above; and
>
> **BE IT FURTHER RESOLVED**, that the Executive Director, her designee and/or the Chair, be, and hereby are, authorized to execute and deliver said Lease Amendment with the Niagara Aerospace Museum on the terms and subject to the conditions set forth above and as negotiated; and
>
> **BE IT FURTHER RESOLVED,** that said Lease Amendment shall include such additional terms, conditions and safeguards to the Authority as deemed appropriate by the General Counsel."

4. SURFACE TRANSPORTATION BUSINESS GROUP REPORT

A. Surface Transportation Committee Report
B. Financial Update
C. Business Update
D. Resolutions

Surface Transportation Resolutions

i. Niagara Frontier Transportation Authority, Acceptance of Surface Transportation Resolutions 4. D. (1) through 4. D. (8)

1. Authorization to Solicit Public Comment on Proposed Fare Structure and Approve Title VI Fare Equity Analysis

2. Authorization for Change Order No. 036, Hitachi Rail USA, Inc., LRV Mid Life Rebuild

3. Authorization for Change Order No. 1, Trason Development Corporation, CNG Facility Upgrade at Frontier Bus Garage, Metro

4. Authorization for Tax-Exempt Lease Purchase Agreement, M&T Bank (and/or any wholly owned subsidiary of M&T Bank), CNG Buses, Metro

5. Authorization for Agreement, Erie County Agricultural Society, Sponsorship for the Erie County Fair 2016 and 2017, Metro

6. Authorization for College/University Transit Pass Agreement, Canisius College

7. Authorization for Agreement, Hatch Mott MacDonald, Fastener and Pad Replacement, Phase 9 (Ferry Street Curve), LRRT

8. Authorization to Negotiate Contract to Conduct NFTA Comprehensive Transit Oriented Development Planning Process, GBNRTC

SURFACE:

4. D. (i) Niagara Frontier Transportation Authority, Acceptance of Surface Transportation Resolutions 4. D. (1) through 4. D. (8)

The Executive Director advised that Items 4. D. (1) through 4. D. (8) have been discussed with the Board of Commissioners of the NFTA, and the Board is unanimously in favor of all subject Resolutions.

Whereupon, it was moved by Commissioner Hughes, seconded by Commissioner Gurney, that the following Resolution be adopted:

> "**RESOLVED**, that the Resolutions of the Niagara Frontier Transportation Authority, identified as numbers 4. D. (1) through 4. D. (8) and dated July 28, 2016 as set forth herein, be and hereby are accepted and approved in their entirety."

AYES: **ROCHE, DEMAKOS, DURAND*, GURNEY, ANSARI, AUL*, BAYNES, HUGHES**

ABSTENTION: **AUL** [*Item 4. D. (4) Only]
DURAND [*Item 4. D. (6) Only]

NOES: **NONE**

ADOPTED

SURFACE:

4. D. (1) Authorization to Solicit Public Comment on Proposed Fare Structure and Approve Title VI Fare Equity Analysis

RECOMMENDATION: Staff recommends that the Board authorize Staff to conduct a public hearing to solicit public comments on the proposed Fare Structure. In addition, Staff is requesting that the Board approve the Title VI Fare Equity Analysis that was completed on the proposed Fare Structure. Based on the findings of the Title VI Analysis, the proposed Fare Structure does not result in any disparate impacts.

INFORMATION: NFTA Metro is in the process of upgrading the fare collection system. In June of 2015, the Board authorized a contract with Scheidt & Bachmann to design and implement the new fare collection system. The fare collection system upgrade will result in a change in NFTA Metro's current fare structure to incorporate new fare media and changes in how passengers access public transit vehicles and facilities.

Completion of a Title VI analysis of the proposed fare structure was completed to evaluate any disparate impacts of the action on our community. Staff is requesting the Board also approve the Title VI Fare Equity Analysis on the proposed fare structure, as no disparate impacts were found. Copies are available of the final detailed Title VI analysis on our website. Hard copies are available for review upon request and will be available at the public hearings.

In order to comply with NFTA's Policy regarding public engagement Staff is recommending that two (2) public hearings be advertised and conducted during the week of August 29, 2016 to receive comments on the proposed fare structure.

Hearings will be held in Erie County and in Niagara County. Specific dates, time and location to be determined.

Comments will also be solicited on Metro's website, and written comments will be accepted. Staff will report the results of the public hearing process to the Board in October 2016.

FUNDING: No funding is required.

> "**RESOLVED**, that the Board hereby approves the Title VI Fare Equity Analysis completed with respect to the proposed Fare Structure; and
>
> **BE IT FURTHER RESOLVED**, that the Board hereby authorizes Staff to conduct public hearings to solicit public comment as set forth hereinabove."

2016 NFTA Metro Draft Fare Structure Summary

I. Purpose

The purpose of this Fare Structure summary document is to discuss NFTA's proposed fare structure in relation to the fare collection upgrade project. The fare collection project will change the way passengers access fare media and our system and pay their fares. Changes in the fare structure are necessary to accommodate these technology changes, as well as making the system more dynamic for our passengers. The information outlined in this fare structure document includes:

- Fare Media: the fare media that will be used
- Fare Type: the types of fares that will be available to passengers

II. Fare Media

NFTA Metro will offer an array of fare products to meet the objectives stated in the fare policy and to meet federal, state or locally mandated requirements. Fare media will include many different ways to access the system to allow for a high level of customer choice. Advancing our technological capabilities allows us to eliminate outdated fare media.

a. Unchanged Fare Media

Cash – individuals will be able to use cash to pay for a one-way fare on the bus, and to purchase pass media and reload their stored value at ticket vending machines and participating commercial outlets.

b. New Fare Media

Smart Cards – the introduction of smart cards will allow users to link their account to their smart card, offering an ease of loading/reloading of stored value and passes as well as loss protection.

Mobile Ticketing – Users with mobile devices will be able to access certain fare types via a downloadable mobile application that can also link to an existing account.

Limited Use Media – offers a specific fare product and is designed to be disposable after use, it cannot be reprogrammed or have value added to it.

c. Eliminated Fare Media

Tokens – will no longer be accepted, replaced by limited use media.

Magnetic Stripe Cards – these paper cards will be accepted only during the transition period, after which they will no longer be necessary because of the technology upgrade.

III. Fare Type

While there are many changes to the way users can pay, the fare structure remains largely unchanged from the current configuration. Best practices suggest that there should be limited changes to the fare structure when undergoing a shift in fare media to maintain continuity and avoid confusion for riders. The proposed fare structure will allow for more flexibility and a smooth transition to the new media for the customer.

a. Unchanged Fare Types

Seven Day Pass – allows individuals unlimited travel for seven days starting on the first use, a surcharge still applies to limited express service.

Monthly Pass – a calendar based monthly pass that would be provided to health and human service agencies only, not the general public.

31 Day Pass – allows for unlimited travel over a 31 day period, beginning on the first use.

PAL Card – allows pre-qualified individuals access to paratransit and fixed-route service.

Summer Go Pass – offered to students 17 years old and under for the portion of the summer when school is not in session.

Round Trip Rail Pass – allows individuals to purchase a single-round trip via rail.

Senior/Disabled Half Fares – seniors 65 and older and those with a disability will continue to receive half fares for all media types.

b. New Fare Types

Best Value (Day Pass) – instead of issuing separate day passes, smart card/mobile ticketing technology will automatically stop charging users after the day pass value has been reached, eliminating the need for a separate pass.

Weekly Pass – a calendar based weekly pass (Sunday through Saturday) that would be provided to health and human service agencies only, not the general public.

Enhanced Express 31-Day Pass – provides a 31 day pass option for individuals using limited express buses.

Rail Only Pass – allows passengers to travel from station to station on the rail but does not provide bus access.

c. Eliminations

Youth Half Fares – individuals 10 and over will now pay full fare, those below the age of 10 ride for free when accompanied by an adult.

Day Passes – Paper day passes will no longer be sold, as the best value calculation will replace the need to issue a separate media.

10 Ride PAL Tickets – are no longer necessary, eligible passengers will utilize their PAL identification card, which will also be their smart card.

SURFACE:

4. D. (2) Authorization for Change Order No. 036, Hitachi Rail USA, Inc., LRV Mid Life Rebuild

RECOMMENDATION: Staff recommends that the Board approve Change Order No. 36 as a $123,640.54 increase to Hitachi Rail USA, Inc.'s (HRU) Contract No. 25LZ0401, LRV Midlife Rebuild Project. This will result in an amended contract value from $36,424,799.71 to $36,548,440.25.

INFORMATION: Change Order No. 036 consists of one Proposed Change Order (PCO) described below.

PCO No 070	Provide New Door Thresholds	Add	$123,640.54

As part of the LRV Midlife Rebuild contract, HRU is responsible for removing and refurbishing the existing door thresholds. During the removal process it was found that the adhesive used in the original installation made it very difficult to remove without deformation. These threshold plates were then straightened out to the extent possible; however, they have created door operation issues. To mitigate door operation issues, the door thresholds will be replaced with new thresholds.

HRU will provide 14 car sets of new door thresholds (84 pcs.) per drawing B113-14271, 316 stainless steel, plasma coated with mounting holes and 13 car sets (78 pcs.) without mounting holes.

FUNDING: This Change Order is funded through Account No. 12-0000000-3188-2-9773 as provided by the following grants: NY-05-0117, NY-90-X698, NY-05-0114, NY-90-X671, NY-90-X595, NY-05-0110, NY-90- X571, NY-90-X544, NY-90-X529, NY-03-0433, NY-03-0378, NY-03-0390, NY-90-X339, NY-03-0399, NY-03-0409, NYSDOT Match, Local Match, Insurance Proceeds, 100 percent NYSDTF, Empire State Development, 100 percent 88C funds and future State 100 percent NYSDTF/Mass Transit Capital Funding.

> **"RESOLVED,** that the Board hereby authorizes Change Order No. 036 to Hitachi Rail USA, Inc.'s (HRU) Contract No. 25LZ0401 in the LRV Midlife Rebuild Project as described hereinabove; and
>
> **BE IT FURTHER RESOLVED,** that the Executive Director, her designee and/or the Chair, be and hereby authorized to execute Change Order No. 036 as described hereinabove; and
>
> **BE IT FURTHER RESOLVED,** that said Change Order No. 036 shall include such additional terms, conditions and safeguards to the Authority as deemed appropriate by the General Counsel; and

BE IT FURTHER RESOLVED, that the Chief Financial Officer, be and he is hereby authorized to make payments under said Change Order No. 036 upon certification by the Director, Engineering, that such payments are in order based upon receipt of all required supporting documentation."

SURFACE:

4. D. (3) Authorization for Change Order No. 1, Trason Development Corporation, CNG Facility Upgrade at Frontier Bus Garage, Metro

RECOMMENDATION: Staff recommends that the Board approve Change Order No. 1 as a $195,267.72 increase to Trason Development Corporation's Contract No. 10MF1413, Metro - CNG Facility Upgrade at the Frontier Bus Garage. This will result in an amended construction value of $2,194,267.72.

INFORMATION: Change Order No. 1 provides for the following proposed change orders PCO No. 1 and PCO No. 2 and final quantity adjustment associated with the actual installations. The cost for this modification is in accordance with Article 19 – Extra Work, Article 21 – Payment for Agreed Prices, and Article 22 – Payment for Force Account Work of the General Conditions. The costs for these change proposals incorporate New York State Prevailing Wage Rates and standard material and equipment costs as verified by the Authority's Engineer.

PCO No. 01 - Bulletin No. 1: Gas Alarm Manual Activation Stations ADD $15,873.59
The Business Center requested the installation of three (3) new gas alarm pushbutton stations to enhance the new Gas Detection and Alarm System. Located adjacent to the existing Fire Alarm pull stations at the Mechanic Shop exits these gas alarm push buttons would allow an employee to activate the gas alarm in the event of an accidental release of natural gas from a bus during service. The manual activation of the alarm system would not rely on the Gas Detection System sensors registering a concentration of natural gas sufficient to activate the alarm and would expedite the evacuation of the facility and the response from emergency services in the event of a release of natural gas. The Engineer prepared Bulletin #1 and requested a cost proposal from the Contractor to provide three (3) push button alarm stations, connect the stations to the new Gas Detection and Alarm System, and program the system to accept the manual input from the stations. The Contractor's initial proposal in the amount of $18,803.13 was reviewed and returned for revision. Subsequent negotiations resulted in agreement upon $15,873.59 as total, fair and equitable compensation for the additional work.

PCO No. 02 - Bulletin No. 2: CNG Upgrade in the Bus Storage Garage ADD $137,995.09
The Business Center requested the replacement of the existing open flame gas fired radiant heating system, extension of the Gas Detection and Alarm System, and modifications to the roof-top heating ventilating and air conditioning (HVAC) system in the Bus Storage Garage to bring this portion of the Frontier Bus Garage facility into compliance with NFTA hazard analysis. The Engineer prepared Bulletin #2 and requested a cost proposal from the Contractor to replace five (5) open flame gas fired burners, install two (2) gas detection sensors, connect the sensors to the new Gas Detection and Alarm System, program the system to accept the input from the sensors, and modify the HVAC system to accept control inputs from the new system for shut-down and start-up. The Contractor's initial proposal in the amount of $168,995.59 was reviewed and returned for revision. Subsequent negotiations resulted in agreement upon $137,995.09 as total, fair and equitable compensation for the additional work.

Final Quantity Adjustment **ADD 41,399.04**

Construction activities revealed existing site conditions differing from the bid documents. This required quantity adjustments to contract bid item No. 2. The resulting cost is an increase to bid item No. 2 of $41,399.04. The following is a summary of the final quantity adjustments.

- Sections of the existing ductwork had insulation on the interior which had deteriorated due to exposure to the chemicals in bus exhaust. Contractor removed and replaced the deteriorated insulation. Cost add amount of $5,845.53.
- The Business Center requested new LED-style fixtures be substituted for the specified fluorescent fixtures. Cost add amount $14,663.54
- The existing roof-top Energy Recovery Unit was scheduled for replacement under this project. Upon arrival of the new unit it was discovered that the new unit would require the addition of a structural steel roof curb to evenly distribute the weight of the new unit on the precast concrete roof tee beams. Cost add amount $31,406.58.
- The Contract documents indicated installation of a new motor starter for Make-up Air Unit No. 3 and replacement of the existing Emergency Generator circuit breaker. The Business Center had recently replaced these devices with new. Cost credit deduct is ($1,056.00).
- The existing weather stripping on the overhead doors was damaged and did not provide a gas-tight seal. The Contractor removed and replaced the weather stripping at three locations. Cost add amount of $866.30
- Several electrical pull boxes above the existing ductwork were blocked and would be inaccessible when the new ductwork was installed. The contractor installed a new transition section of ductwork to allow access. Cost add amount $15,357.67.
- The existing fluorescent light fixtures on the Mezzanine Level were obscured by the new ductwork. Ductwork was adjusted. Cost add amount $1,338.08.
- The existing disconnect for the Steam Cleaning Room exhaust fan was scheduled for removal along with the fan. This disconnect also provided power to the room's overhead door. A new disconnect for the overhead door was installed. Cost add amount of $1,595.09.
- Relocation of the existing fire service sprinkler line in the Steam Cleaning Room was necessary to resolve a conflict with the location of the new Exhaust Fan #24. Cost add amount $703.25
- The existing radiant heating system in the Mechanic's Shop was scheduled for replacement with a new system. The contractor adjustments included electrical power source, support brackets, ductwork, and gas burners relocation. Cost add amount $8,564.20.
- The new radiant heating system's condensate drains were designed to pass through the outside wall of the Mechanic's Shop and drain onto the pavement. NFTA's HSEQ Department had concerns over this creating a slip and fall hazard during the winter months. Drain lines were relocated. Cost add amount $6,010.83.
- The stairway from the Parts Room to the Mezzanine Level was enclosed and a new door was installed to provide a smoke barrier between these two areas as required by code. Contractor installed fire retardant treated plywood and caulk to seal the openings in the stair risers. Cost add amount $360.90.

- The Contract drawing identified four (4) diffusers in the existing ductwork that were to be replaced with smoke isolation dampers. There are actually six (6) diffusers in the facility. The contractor replaced all six units. Cost add amount of $5,190.29
- At the request of the Business Center the Contractor relocated a heating system riser pipe to allow future use of the back side of the new electrical panel in the Boiler Room. Cost add amount of $552.78.

Item No.	Description	Unit	Unit Price	Revised Quantity	Previous Approved Quantity	Quantity Change	Amended Amount	Amount Change
2	Allowance	LS	$50,000.00	1.8279808	1.00	0.8279808	$91,399.04	$41,399.04
							TOTAL	$41,399.04

FUNDING: Funds for this Change Order are contained in Capital Budget Account No. 120000000-3188-2-3440 and are provided 100% through a grant from National Fuel.

"**RESOLVED,** that the Board hereby authorizes Change Order No. 1 to Trason Development Corporation's Contract No. 10MF1413 in the CNG Facility Upgrade at the Frontier Bus Garage as described hereinabove; and

BE IT FURTHER RESOLVED, that the Executive Director, her designee and/or the Chair, be and hereby authorized to execute Change Order No. 1 as described hereinabove; and

BE IT FURTHER RESOLVED, that said Change Order No. 1 shall include such additional terms, conditions and safeguards to the Authority as deemed appropriate by the General Counsel; and

BE IT FURTHER RESOLVED, that the Chief Financial Officer, be and he is hereby authorized to make payments under said Change Order No. 1 upon certification by the Director, Engineering, that such payments are in order based upon receipt of all required supporting documentation."

SURFACE:

4. D. (4) Authorization for Tax-Exempt Lease Purchase Agreement, M&T Bank (and/or any wholly owned subsidiary of M&T Bank), CNG Buses, Metro

RECOMMENDATION: Staff recommends that the Board authorize the financing of 18 CNG buses through a tax-exempt lease purchase agreement.

INFORMATION: This resolution authorizes entering into a tax-exempt lease purchase agreement with M&T Bank (and/or any wholly owned subsidiary of M&T Bank) in the amount not-to-exceed $10,700,000.00 at an interest rate to be fixed three (3) days before closing based on M&T Bank's like term cost of funds plus applicable spread adjusted to a tax-exempt rate (1.607% as of May 23, 2016) over a 7 year (84 month) lease term. The first monthly payment date anticipated to commence on October 1, 2016 and will consist of 84 monthly payments. M&T Bank (and/or any wholly owned subsidiary of M&T Bank) will not charge escrow fees, documentation fees, acquisition fees, disposition fees or security deposit. The purchase of the CNG buses was previously authorized by the Board on July 23, 2015 and included bus financing as a funding source.

The NFTA issued RFP 4581 soliciting proposals from qualified financial institutions to provide financing through a tax-exempt municipal lease purchase agreement or otherwise. Seven proposals were received and evaluated by the selection team based on cost, experience and capabilities in providing the financing, terms and conditions for the financing and quality of service and depth of resources. The selection team consisted of personnel from the Aviation, Surface, Purchasing, and Finance Departments. M&T Bank (and/or any wholly owned subsidiary of M&T Bank) was selected.

FUNDING: Funding will be provided through the Metro operating budget.

> **"RESOLVED,** that the Board hereby authorizes a Tax-Exempt Lease Purchase Agreement with M&T Bank for the purchase of 18 CNG buses as described above and in an amount not-to-exceed $10,700,000.00; and
>
> **BE IT FURTHER RESOLVED,** that the Executive Director, her designee and/or the Chair, the Secretary of the Board, and the Chief Financial Officer are hereby authorized for and on behalf of the Authority to execute and deliver such agreements and certificates and give such directions as shall be necessary to carry out the provisions of this Tax-Exempt Lease Purchase Agreement with M&T Bank (and/or any wholly owned subsidiary of M&T Bank) as described above, including, but not limited to, lessee resolution certificate, arbitrage certificate and other closing documents.

BE IT FURTHER RESOLVED, that said Tax-Exempt Lease Purchase Agreement shall include such additional terms, conditions and safeguards to the Authority as deemed appropriate by the General Counsel; and

BE IT FURTHER RESOLVED, that the Chief Financial Officer, be and he is hereby authorized to make payments under said Agreement upon certification by the Chief Financial Officer that such payments are in order based upon receipt of all required supporting documentation."

RFP 4581 Financing for CNG Buses	Piper Jaffray Washington, DC	First Niagara Buffalo	JP Morgan Rochester	Bank of America Richmond, VA	Siebert, Brantford NYC	PNC Cincinnati, OH	M & T Buffalo
SELECTION CRITERIA (Completed by Team)	(Rate on a score of 1 - 10, with 10 being the highest)						
ost. 50%	6.87	9.07	9.00	8.97	7.86	9.05	10.00
ompliance with requirements. 30%	6.50	8.00	8.00	8.00	7.00	7.00	8.00
ualifications and experience. 20%	6.50	8.00	8.00	8.00	7.00	7.00	8.00
RATING	6.69	8.54	8.50	8.49	7.43	8.03	**9.00**
COSTS							
erest Rate	2.180%	1.770%	1.785%	1.790%	1.920%	1.774%	1.607%
acement Agent Fee	$25,000				$22,000		

SURFACE:

4. D. (5) Authorization for Agreement, Erie County Agricultural Society, Sponsorship for the Erie County Fair, 2016 and 2017, Metro

RECOMMENDATION: Staff recommends that the Board authorize a two-year Agreement with the Erie County Agricultural Society for a Metro event sponsorship of the Erie County Fair 2016 and 2017, at a cost of $7,500 per year.

INFORMATION: Pursuant to the Agreement, Metro will be positioned as a "Red-Ribbon" sponsor in both 2016 and 2017 and receive on-site participation for two-days each year during the Erie County Fair, which will provide the opportunity to showcase a Metro vehicle and staffed customer outreach opportunities from 10 a.m. to closing each day.

Metro will also receive advertising signage each year on two highly visible Tram vehicles which offer patrons free-rides daily around the fairgrounds. In addition, the sponsorship includes daily pre-recorded PA announcements, banner signage and live-reads at motor-events, identification within print and digital media, social media mentions prior to and during the 12-day event, and a 150 fair admission passes. Metro will provide some bus advertising with unused inventory to help support promotion of the event.

The attendance for the 2016 Erie County Fair, August 10-21, is anticipated to exceed last year's 1.17 million.

FUNDING: Funding will be provided through the Metro Operating Budget.

"**RESOLVED**, that the Board hereby authorizes an Agreement with the Erie County Agricultural Society providing for a two-year Erie County Fair event sponsorship for 2016 and 2017, as generally described above; and

BE IT FURTHER RESOLVED, that the Executive Director, her designee and/or the Chair, be, and hereby are, authorized to enter into an Agreement with the Erie County Agricultural Society with the terms and conditions above and as negotiated; and

BE IT FURTHER RESOLVED, that said Agreement shall include such additional terms, conditions and safeguards to the Authority as deemed appropriate by the General Counsel; and

BE IT FURTHER RESOLVED, that the Chief Financial Officer, be and he is hereby authorized to make payments under said Agreement upon certification by the Director, Public Transit, that such payments are in order based upon receipt of all required supporting documentation."

SURFACE:

4. D. (6) Authorization for College/University Pass Agreement, Canisius College

RECOMMENDATION: Staff recommends that the Board authorize a new one-year College University Pass Agreement with Canisius College for the school year 2016-2017.

INFORMATION: The Board previously approved a one-year College/University Transit Pass Agreement with Canisius that entitled all registered undergraduate students unlimited access to regular Metro fixed route service through the end of school year 2015-2016.

Staff has negotiated a new one-year College/University Transit Pass Agreement with the college for unlimited access to Metro's fixed route service. The discounted fee structure for this access has been negotiated at a per student rate of $48 per semester for the contract year. The revenue generated by this Agreement is estimated to be $264,000.

FUNDING: No funding is required.

"**RESOLVED**, that the Board herby authorizes an Agreement with Canisius College for a one-year College/University Transit Pass Program that allows students access to fixed route service for the school calendar year of 2016-2017 as described hereinabove; and

BE IT FURTHER RESOLVED, that the Executive Director, her designee and/or the Chair, be and herby are authorized to execute the Agreement with Canisius College for the school calendar year of 2016-2017 with terms and conditions as set forth above and negotiated; and

BE IT FURTHER RESOLVED, that said Agreement and any renewal Agreements shall include such terms, conditions and such additional provisions and safeguards to the Authority as deemed appropriate by the General Counsel."

SURFACE:

4. D. (7) Authorization for Agreement, Hatch Mott MacDonald, Fastener and Pad Replacement, Phase 9 (Ferry Street Curve), LRRT

RECOMMENDATION: Staff recommends that the Board award the subject design services contract to the term consultant Hatch Mott MacDonald for the cost plus fixed fee not-to-exceed amount of $143,686.00

INFORMATION: Metro Rail indicated that the inbound and outbound LRRT tracks under Ferry Street (Ferry Street Curve) exhibit track wear. The project objective is to replace the rails, rail fastener assemblies and repair the concrete supports.

Hatch Mott MacDonald will survey and inspect the Ferry Street Curve track, evaluate the rail head wear, evaluate the supporting concrete condition, evaluate extended rail head life alternatives (harder rail head, automatic greaser, rail super-elevation), and develop the resulting construction bid documents. They will also provide technical support for the NFTA's procurement of new rail fastener assemblies.

A detailed consultant design scope and corresponding independent engineer's estimate was developed. The results of the negotiations are as follows:

Final Engineer's Estimate	$144,086.00
Final Negotiated Amount	$143,686.00

The EEO office has been briefed of the negotiation results. Hatch Mott MacDonald proposed 11% MWBE participation.

FUNDING: Funding is provided through the Metro Replacement Fund, and New York State Accelerated Transit Capital funding.

BE IT FURTHER RESOLVED, that the Board hereby authorizes an Agreement with Hatch Mott MacDonald for the survey, inspection and evaluation of the rail condition as described above for an amount not-to-exceed $143,686.00 as described above; and

BE IT FURTHER RESOLVED, that the Executive Director, her designee and/or the Chair, be and hereby are authorized to execute and deliver said Agreement with Hatch Mott MacDonald for services as described above; and

BE IT FURTHER RESOLVED, that said Agreement shall include such terms, conditions and safeguards to the Authority as deemed appropriate by the General Counsel; and

BE IT FURTHER RESOLVED, that the Chief Financial Officer be and he is hereby authorized to make payments under said Agreement upon certification by the Director, Engineering, as such payments are in order based upon receipt of all required supporting documentation."

SURFACE:

4. D. (8) Authorization to Negotiate Contract to Conduct NFTA Comprehensive Transit-Oriented Development Planning Process, GBNRTC

RECOMMENDATION: Staff recommends that the Board authorize negotiation of an agreement with Parsons Brinkerhoff, Inc. in an amount not-to-exceed $696,400.00 for consultant services to conduct the NFTA Comprehensive Transit-Oriented Development Planning process.

INFORMATION: A Pilot Program for Transit-Oriented Development Planning grant was received by the NFTA in September 2015. NFTA-Metro currently is finalizing an alternatives analysis process which developed and evaluated several alternatives for improved transit access between key activity centers in the City of Buffalo and Town of Amherst. The study has identified high quality transit in the City of Buffalo Main Street and Town of Amherst corridor as a way to address the purpose and needs of the study area including:

- serve a strong transit market and increased travel demand;
- enhance transit services to existing and emerging activity centers;
- attract additional transit riders;
- provide a more efficient ride for existing transit users and the transit-dependent population between Amherst and Buffalo to improve opportunities for participation in the workforce of the overall regional economy;
- help relieve parking constraints and roadway capacity issues in Downtown Buffalo, the Buffalo Niagara Medical Campus, the University at Buffalo campuses, the Canalside-Cobblestone districts and highways, streets and neighborhoods in the study area.
- improve the operating efficiency of the existing transit network; and
- support local and regional land-use and transit-oriented planning and development.

The NFTA Comprehensive Transit-Oriented Development Planning process will improve NFTA grant opportunities for future transit expansion funding and significantly enhance transit-oriented development (TOD) opportunities in the Transit Options Amherst-Buffalo project corridor by delineating a comprehensive and innovative set of policies, regulatory, financial tools and infrastructure projects that overcome barriers to TOD in the corridor, accelerate developmental opportunities and measure progress over time. Through community engagement, the project will also serve to increase public understanding and awareness of the benefits of TOD, actively engage citizen champions, leaders, developers and other stakeholders in the planning process and generate support for multimodal, accessible mixed-use development that supports transit investments. The final deliverables of the proposed work includes a comprehensive plan report that contains a TOD typology and strategies and tools for making TOD happen. These strategies and tools will include revised TOD-focused zoning codes, policies and tools to encourage TOD such as value capture and development financing, and an agreement that creates and focuses a Regional TOD Committee. This initiative is consistent with, and will support the overall objectives of, One Region Forward and the GBNRTC Metropolitan Transportation Plan and will provide a resource to assist realization of the goals and objectives of both plans.

The contract opportunity was publicly advertised in accordance with NFTA Procurement Guidelines. Proposals were reviewed by representatives of the NFTA, GBNRTC, City of Buffalo, Town of Amherst and Buffalo Niagara Partnership. This review was based on criteria that included: technical criteria, personnel qualifications and experience, and cost. On-site interviews with the two highest ranked consultant teams were conducted. The results of the proposal review are shown on the attached evaluation form.

The NFTA Affirmative Action/EEO office has been briefed on the bid results. Parsons Brinkerhoff, Inc. identified their participation goal as 17% DBE.

FUNDING: Funding for this effort has been made available through a grant from the Federal Transit Administration Pilot Program for Transit-Oriented Development Planning program (Section 20005(b) of MAP-21) as follows:

Federal Transit Administration	$640,765
NYS DOT	$80,096
NFTA	$80,096
GBNRTC (in-kind services)	$73,001

BE IT FURTHER RESOLVED, that the Board hereby authorizes an Agreement with Parsons Brinkerhoff, Inc., in an amount not-to-exceed $696,400.00 for consultant services to conduct the NFTA Comprehensive Transit-Oriented Development planning process, as described above; and

BE IT FURTHER RESOLVED, that the Executive Director, her designee and/or the Chair, be and hereby are authorized to execute and deliver said Agreement with Parsons Brinkerhoff, Inc. for consultant services to conduct the NFTA Comprehensive Transit-Oriented Development planning process, as described above; and

BE IT FURTHER RESOLVED, that said Agreement shall include such terms, conditions and safeguards to the Authority as deemed appropriate by the General Counsel; and

BE IT FURTHER RESOLVED, that the Chief Financial Officer be and he is hereby authorized to make payments under said Agreement upon certification by the Director, Public Transit, such payments are in order based upon receipt of all required supporting documentation."

RFP 4573	Urban	AEcom	T Y LIN	PB	IBI	Fisher
Comprehensive Transit Oriented	**Strategies**					
Development Planning						
	Toronto	Buffalo	Buffalo	Buffalo	Albany	Buffalo
SELECTION CRITERIA						
(Completed by Team)	(Rate on a score of 1 - 10, with 10 being the highest)					
Qualifications & Experience: demonstrated ability, references, past performance, depth of knowledge of key personnel, organization, management, time-table. 40%	5.80	5.60	8.10	8.60	6.80	6.25
Technical Criteria: project approach, methods, compliance with requirements. 30%	6.00	5.50	8.10	8.60	5.30	6.40
Cost. 30%	9.60	10.00	7.40	8.60	8.30	7.80
RATING	7.00	6.89	7.89	8.60	6.80	6.76
TOTAL PROJECT COST	**$619,652**	**$595,912**	**$796,870**	**$696,400**	**$714,280**	**$759,729**

6. General Counsel Report - Written

7. Executive Session

At approximately 1:25 p.m., it was moved by Commissioner Durand, seconded by Commissioner Aul, that the Commissioners convene in Executive Session to discuss matters regarding the lease at 181 Ellicott Street.

Following discussion, at approximately 1:50 p.m., it was moved by Commissioner Aul, seconded by Commissioner Durand, that the Executive Session be adjourned and that the Board resume the Regular Session.

AYES: **ROCHE, DEMAKOS, DURAND, GURNEY, ANSARI, AUL, BAYNES**

NOES: **NONE**

8. Adjournment

At approximately 1:51 p.m., the Chairman indicated that there was no further business coming before the Board, whereupon it was moved by Commissioner Baynes, seconded by Commissioner Durand, and unanimously approved that the Regular Meeting of the Niagara Frontier Transportation Authority and Niagara Frontier Transit Metro System, Inc. be adjourned.

AYES: **ROCHE, DEMAKOS, DURAND, GURNEY, ANSARI, AUL, BAYNES**

NOES: **NONE**