



STATE OF NEW YORK
Authorities Budget Office

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March 5, 2012

Mr. Daniel Schrantz
Chairman
Chadwick Bay Regional Development Corporation
338 Central Avenue
Suite 210
Dunkirk, New York 14048

Dear Mr. Schrantz:

In February 2011, the Chadwick Bay Regional Development Corporation received a letter warning that the Authorities Budget Office intended to censure the board of directors and officers, pursuant to Section 6(2)(f) of Title 2 of Public Authorities Law for failing to meet the reporting requirements of sections 2800, 2801, and 2802 of Public Authorities Law. In August 2011, Chadwick Bay Regional Development Corporation received a second warning letter from this Office.

As of March 5, 2012, the Chadwick Bay Regional Development Corporation remains out of compliance with the public disclosure, reporting and corporate governance provisions of Public Authorities Law. Chadwick Bay Regional Development Corporation has not filed the following reports with this Office:

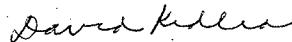
- Budget Report for fiscal years ending 12/31/2011 and 12/31/2012
- Annual Report for fiscal years ending 12/31/2009 and 12/31/2010
- Audit Report for fiscal years ending 12/31/2009 and 12/31/2010

Accordingly, pursuant to its powers under Section 6(2)(f) of Public Authorities Law and Policy Guidance 11-02: "Enforcement Powers of the Authorities Budget Office", issued February 10, 2011, the Authorities Budget Office is sending this official letter of censure to the board of directors of the Chadwick Bay Regional Development Corporation.

As a public authority, the Chadwick Bay Regional Development Corporation is expected to be timely and transparent with its financial reporting and to be accountable to the public. This letter of censure is the result of your collective failure to take appropriate corrective action when the authority was previously warned that it was out of compliance with state law. Those warnings constitute reasonable evidence that the board and the authority's management were made aware of this situation. The fact you continue to ignore your obligations under state law is unacceptable. This continued inaction demonstrates a fundamental misunderstanding of your fiduciary responsibilities and is a serious violation of your duty as a director or officer of this authority.

This letter is being made part of the public record. Disclosure of this delinquency and letter of censure may be required by federal securities law, should the authority finance debt in the future. Furthermore, should the board of directors and the chief executive officer fail to bring the Chadwick Bay Regional Development Corporation into compliance, the Authorities Budget Office may take additional steps, including initiating legal action, to access the records, books, and financial documents of the Authority, and/or recommending the removal of the board of directors.

Sincerely,



David Kidera
Director

cc: New York State Senator Catharine Young
Assemblyman Andy Goodell
Mayor Anthony J. Dolce, City of Dunkirk
Mayor Stephen W. Keefe, Village of Fredonia
Mayor J. Dale Abram, Village of Brocton
Mayor Kurt Lindstrom, Village of Silver Creek
Mr. Richard Purol, Supervisor, Town of Dunkirk
Mr. Donald R. Steger, Supervisor, Town of Pomfret
Mr. Louis Delmonte, Supervisor, Town of Sheridan
Mr. Todd Johnson, Supervisor, Town of Hanover