



STATE OF NEW YORK  
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March 5, 2012

Mr. Clayton J. Sitterly  
Chairperson  
Johnstown Economic Development Corporation  
55 East Main Street  
Suite 110  
Johnstown, New York 12095

Dear Mr. Sitterly:

In August 2011, the Johnstown Economic Development Corporation received a letter that compelled its board of directors and chief executive officer to justify the authority's persistent failure to meet the reporting requirements of sections 2800, 2801, and 2802 of Public Authorities Law. In September 2011, you, acting in your capacity as Chairperson of the authority, requested a waiver from the reporting requirements. The ABO informed you in October 2011 that its policy is to not waive this reporting obligation.

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

- Budget Reports for fiscal years ending 5/31/2011 and 5/31/2012
- Annual Report for fiscal years ending 5/31/2010 and 5/31/2011
- Audit Report for fiscal years ending 5/31/2010 and 5/31/2011

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 Johnstown Economic Development Corporation.

As a public authority, the Johnstown Economic 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 Johnstown Economic 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 Hugh T. Farley  
Assemblyman Marc W. Butler  
Mayor Sarah J. Slingerland