

Buffalo Urban Development Corporation

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Buffalo Urban Development Corporation
Board of Directors Meeting

Date: Tuesday, September 26, 2023

Time: 12:00 noon

***New Location: Center of Excellence in Bioinformatics & Life Sciences
701 Ellicott Street, 2nd Floor -- The Event Space Conference Room B2-205
Buffalo, NY 14203***

1.0 CALL TO ORDER

2.0 READING OF THE MINUTES *(Action) (Enclosure)*

3.0 MONTHLY FINANCIAL REPORTS *(Enclosure)*

3.1 683 Northland Master Tenant, LLC Financial Statements *(Information)*

3.2 BUDC Consolidated Financial Statements *(Action)*

4.0 NEW BUSINESS

4.1 BUDC Office Sublease Amendment *(Action)(Enclosure)*

4.2 Ralph Wilson Park - Sixth Amendment to BUDC-COB-Wilson Foundation Subgrant Agreement
(Action)(Enclosure)

4.3 Northland Corridor - ESD Solar Microgrid GDA Amendment *(Action)(Enclosure)*

4.4 Northland Corridor Project Update *(Information)*

4.5 Ralph Wilson Park Project Update Presentation *(Information)*

4.6 Buffalo's Race For Place Update *(Information)*

4.7 Buffalo Lakeside Commerce Park Update *(Information)*

5.0 LATE FILES

6.0 TABLED ITEMS

7.0 EXECUTIVE SESSION

8.0 ADJOURNMENT *(Action)*

**Minutes of the Annual Meeting
of the
Board of Directors
of
Buffalo Urban Development Corporation**

***Center for Excellence in Bioinformatics & Life Sciences
701 Ellicott Street, 2nd Floor—The Event Space Conference Room B2-205
Buffalo, New York 14203***

**August 29, 2023
12:00 p.m.**

Directors Present:

Catherine Amdur
Trina Burruss
Scott Bylewski
Daniel Castle
Janique S. Curry
Darby Fishkin
Thomas Halligan
Elizabeth Holden
Nathan Marton
Brendan R. Mehaffy
Kimberley A. Minkel
David J. Nasca
Dennis M. Penman (Vice Chair)

Directors Absent:

Mayor Byron W. Brown (Chair)
Dennis W. Elsenbeck
Dottie Gallagher
Thomas A. Kucharski
Darius G. Pridgen
Karen Utz

Officers Present:

Brandye Merriweather, President
Rebecca Gandour, Executive Vice President
Kevin J. Zanner, Secretary
Atiqa Abidi, Assistant Treasurer

Guests Present: Jonathan Epstein, *The Buffalo News*; Alexis M. Florczak, Hurwitz Fine P.C.; Laurie Hendrix, ECIDA Administrative Coordinator; Brian Krygier, Director of IT, ECIDA; Kelly Maloney, Gilbane Building Company (via Zoom); Antonio Parker, BUDC Project Manager; Angelo Rhodes, Northland Project Manager; and Aaron Schauger, LaBella Associates.

- 1.0** **Roll Call** – The meeting was called to order at 12:11 p.m. by Vice Chair Penman. The Secretary called the roll of directors and a quorum of the Board was determined to be present. Mr. Marton joined the meeting during the presentation of agenda item 2. Mr. Mehaffy left the meeting during the presentation of agenda item 4.5.
- 2.0** **Approval of Minutes – July 25, 2023 Meeting** – The minutes of the July 25, 2023 meeting of the Board of Directors were presented. Mr. Mehaffy made a motion to approve the meeting minutes. The motion was seconded by Ms. Minkel and unanimously carried (13-0-0).

3.0 Monthly Financial Reports – Ms. Abidi presented for information purposes the financial statements for 683 Northland Master Tenant, LLC for the period ending July 31, 2023. She then presented the consolidated financial statements for BUDC and its affiliates, 683 Northland LLC and 683 WTC, LLC for the period ending July 31, 2023. Mr. Bylewski made a motion to accept the BUDC consolidated financial statements. The motion was seconded by Ms. Holden and unanimously carried (13-0-0).

4.0 New Business

4.1 Northland Central – Proposed Lease to Northland Workforce Training Center – Ms. Gandour presented her August 29, 2023 memorandum regarding the proposed lease of the former SparkCharge space at 683 Northland by the Northland Workforce Training Center. The leased space will be used for automotive training. Following the presentation, several Board members commented on the need for automotive technicians in the region, with Ms. Minkel noting that many positions requiring these skills remain unfilled. At the conclusion of the discussion, Ms. Burruss made a motion to: (i) authorize 683 Northland Master Tenant, LLC to enter into a lease with The Economic Development Group, Inc. upon the terms set forth in the August 29, 2023 memorandum; and (ii) authorize the President or Executive Vice President to execute a lease agreement with The Economic Development Group, Inc. and take such other actions as are necessary and appropriate to implement this authorization. The motion was seconded by Ms. Amdur and unanimously carried (13-0-0).

4.2 Northland Corridor – NYSDOS Grant for BOA Designation – Mr. Rhodes presented his August 29, 2023 memorandum regarding the proposed acceptance of a NYSDOS grant to submit a BOA Nomination Plan for the Northland Corridor. This item was reviewed by the Real Estate Committee at its August 22, 2023 meeting and recommended for approval. Mr. Castle made a motion to: (i) approve acceptance of the New York State Department of State grant award in the amount of \$87,750; (ii) approve BUDC's 10% match of funds in the amount of \$9,750, to be provided through the Buffalo Brownfields Redevelopment Fund and reflected in the proposed 2024 BUDC budget; and (iii) authorize each of the BUDC President or Executive Vice President to execute the grant agreement and any related grant documents and agreements, and to take such other actions as may be necessary or appropriate to implement this authorization. The motion was seconded by Ms. Fishkin and unanimously carried (13-0-0).

4.3 Ralph Wilson Park – MVVA Contract Amendment #11 – Mr. Parker presented his August 29, 2023 memorandum regarding the 11th amendment to the BUDC-MVVA Master Service Agreement. He noted that this item was reviewed by the Downtown Committee at its August 16, 2023 meeting and recommended for approval. Following the presentation, Mr. Marton made a motion to: (i) approve an amendment to the MVVA Agreement in the amount of \$37,750 for early value engineering work to support the Ralph Wilson Park project; and (ii) authorize the BUDC President or Executive Vice President to execute the amendment to the MVVA Agreement and take such other actions as are necessary to implement this authorization. The motion was seconded by Mr. Halligan and unanimously carried (13-0-0).

4.4 Ralph Wilson Park – Atlantic Testing Laboratories Contract for Environmental Sampling and Consulting Services – Mr. Parker presented his August 29, 2023 memorandum regarding a proposed contract with Atlantic Testing Laboratories (ATL) for environmental sampling and consulting services. Mr. Parker noted that ATL recently acquired SJB Services, Inc., which is a BUDC environmental consultant for the Ralph Wilson Park project. ATL has retained nearly all SJB staff that were involved in the Ralph Wilson Park project. BUDC staff is now proposing to retain ATL as a single source procurement under the BUDC procurement policy because ATL has unique knowledge and expertise related to the project, and the cost to BUDC is reasonable considering these benefits. This item was reviewed by the Downtown Committee at its August 16, 2023 meeting and recommended for approval. Mr. Nasca made a motion to: (i) approve the Atlantic Testing Laboratories contract in the not-to-exceed amount of \$40,000 for the

environmental scope of work described in Mr. Parker's August 29, 2023 memorandum to the Downtown Committee; and (ii) authorize the BUDC President or Executive Vice President to execute the contract and take such other actions as are necessary to implement this authorization. The motion was seconded by Mr. Mehaffy and unanimously carried (13-0-0).

4.5 Ralph Wilson Park – Project Update Presentation – Ms. Maloney presented an update regarding the Ralph Wilson Park project. Construction is underway, which has included the removal of driftwood and receipt of stone deliveries for the shoreline. Dredging work has begun at the shoreline which will be complete in the next two weeks. Demolition has begun, and the City will be able to reuse the pavilion and some playground equipment in other parks throughout the City. Additional stone deliveries are expected in order to install the new break wall. Gilbane continues to meet with CSX and NYSTA regarding plans for the bridge installation and associated work. The construction team is making efforts to reuse existing soil onsite to realize additional cost savings.

4.6 Buffalo's Race for Place Project Update – Ms. Merriweather presented an update regarding Buffalo's Race for Place. Installation of the new lighting system for the library underpass has begun. A public meeting for the Waterfront Improvement Plan was held at Seneca One Tower. Draft recommendations were well received by attendees. The study being prepared by MIG will conclude by the end of September and will be presented in early October. Data has been collected by Stantec as part of the City's Smart Streets Design Plan which BUDC will use to update its Race for Place strategy.

4.7 Northland Corridor Project Update – Ms. Gandour introduced Aaron Schauger of Labella Associates to present an update regarding the Phase 3 development project at Northland. Mr. Schauger presented an overview of the project scope, which includes building renovations at 541 E. Delavan and the 612 Northland "B" building, the clean energy microgrid, which includes substation upgrades, battery storage and community solar, and additional parking spaces. Mr. Schauger then presented proposed renderings of the renovated buildings. Ms. Gandour noted that the renderings are based on schematic design, are conceptual only and may change as the project moves into its design development phase and receives additional stakeholder feedback. The Board provided feedback on the draft renderings. Mr. Schauger also commented on the community solar element of the project and savings on electric bills that would be available to eligible households. Mr. Schauger also provided an overview of the project schedule moving forward. The LaBella team is currently working on design development, which will be completed by early 2024. Construction is expected to begin in the summer of 2024 and last 18-24 months.

4.8 Buffalo Lakeside Commerce Park Project Update – Ms. Gandour presented an update regarding Buffalo Lakeside Commerce Park. BUDC and Savarino executed the exclusivity agreement for 193 Ship Canal Parkway. BUDC staff and Ms. Minkel discussed draft TENORM guidance issued by the NYSDEC at its August 22, 2023 meeting. Ms. Merriweather reported that Zephyr submitted additional comments to the three-party MOU. Landon & Rian has provided feedback on these comments, which are now under review by Zephyr.

5.0 Late Files – None.

6.0 Tabled Items – None.

7.0 Executive Session – None.

8.0 Adjournment – There being no further business to come before the Board, the August 29, 2023 meeting of the Board of Directors was adjourned at 1:03 p.m.

Respectfully submitted,

Kevin J. Zanner, Secretary

683 Northland Master Tenant, LLC
Financial Statements
August 31, 2023
(Unaudited)

683 NORTHLAND MASTER TENANT, LLC
Balance Sheet

ASSETS	August 2023	July 2023	December 2022
Current assets:			
Cash	\$ 506,771	\$ 372,671	\$ 486,590
Tenant receivable	39,313	112,397	42,206
Prepaid expenses	11,662	24,574	115,882
Total current assets	557,746	509,642	644,678
Prepaid rent - sublessee	520,395	516,555	483,394
Prepaid leasing commission	170,803	173,030	188,616
Tenant security deposits	80,311	80,253	84,894
Cash reserves	348,315	348,064	356,575
Equipment, net	19,869	19,869	19,869
Right of use asset - Master Lease Agreement	27,253,108	27,398,333	28,430,126
Total assets	\$ 28,950,547	\$ 29,045,746	\$ 30,208,152
LIABILITIES & MEMBERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 46,934	\$ 43,876	\$ 130,895
Due to related parties	254,935	254,935	254,935
Total current liabilities	301,869	298,811	385,830
Operating deficit loan	132,359	132,359	132,359
Tenant security deposits	79,850	79,850	84,850
Deferred operating lease liability - Master Lease Agreement	7,512,686	7,540,909	7,736,986
Deferred operating lease liability - sublessee	5,229,049	5,275,138	5,637,433
Distribution payable - priority return	-	-	238,207
Total noncurrent liabilities	12,953,943	13,028,256	13,829,835
MEMBERS' EQUITY	15,694,735	15,718,679	15,992,487
Total liabilities and net position	\$ 28,950,547	\$ 29,045,746	\$ 30,208,152

683 NORTHLAND MASTER TENANT, LLC
Income Statement

Year-to-Date For the Period Ended:

	<u>August 2023</u>	<u>July 2023</u>	<u>December 2022</u>
Revenues:			
Lease revenue	\$ 969,124	\$ 850,046	\$ 1,466,335
Additional lease revenue	496,471	432,570	753,037
Interest and other revenue	<u>4,282</u>	<u>3,662</u>	<u>1,372</u>
Total revenues	<u>1,469,876</u>	<u>1,286,278</u>	<u>2,220,744</u>
Expenses:			
Lease expense	1,281,000	1,122,963	1,879,742
Payroll	104,648	89,629	143,808
Utilities expense	7,966	10,517	85,089
Insurance expense	83,003	72,627	122,769
Professional fees	62,636	58,566	77,936
Property management fee	46,644	40,878	70,520
Real estate taxes	13,169	13,169	20,398
Repairs and maintenance	158,562	141,737	286,011
Asset management fee	10,000	10,000	10,000
Miscellaneous expense	-	-	318
Depreciation expense	-	-	<u>5,056</u>
Total expenses	<u>1,767,628</u>	<u>1,560,086</u>	<u>2,701,647</u>
Net loss	<u>(297,752)</u>	<u>(273,808)</u>	<u>(480,903)</u>
Members' equity - beginning of period	<u>15,992,487</u>	<u>15,992,487</u>	<u>14,578,450</u>
Change in members' equity	<u>(297,752)</u>	<u>(273,808)</u>	<u>(480,903)</u>
Members' capital contributions	-	-	2,091,098
Distributions	-	-	(196,158)
Members' equity - end of period	<u>\$ 15,694,735</u>	<u>\$ 15,718,679</u>	<u>\$ 15,992,487</u>

683 NORTHLAND MASTER TENANT, LLC
Statement of Cash Flows

Year-to-Date For the Period Ended:

	<u>August 2023</u>	<u>July 2023</u>	<u>December 2022</u>
Cash flows from operating activities:			
Net loss	\$ (297,752)	\$ (273,808)	\$ (480,903)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	-	-	5,056
Decrease (increase) in assets:			
Tenant receivables	2,893	(70,191)	32,479
Prepaid insurance	104,220	91,308	(9,220)
Accrued rental income	(37,001)	(33,161)	(57,085)
Prepaid leasing commission	17,813	15,586	29,322
Right of use asset - Master Lease Agreement	952,718	835,716	1,395,256
Increase (decrease) in liabilities:			
Security deposit liability	(5,000)	(5,000)	(4)
Accounts payable	(83,961)	(87,019)	(13,655)
Deferred operating lease liability - sublessee	(408,384)	(362,295)	(513,406)
Net cash provided (used) by operating activities	<u>245,545</u>	<u>111,136</u>	<u>387,840</u>
Cash flows from investing activities:			
Equipment purchases	-	-	(18,390)
Net cash used by investing activities	<u>-</u>	<u>-</u>	<u>(18,390)</u>
Cash flows from financing activities:			
Members' contributions	-	-	2,091,098
Distributions	(238,207)	(238,207)	(221,892)
Payments of prepaid rent under Master Lease Agreement	-	-	(1,869,206)
Net cash provided by financing activities	<u>(238,207)</u>	<u>(238,207)</u>	<u>-</u>
Net increase (decrease) in cash	7,338	(127,071)	369,450
Cash and restricted cash - beginning of period	<u>928,059</u>	<u>928,059</u>	<u>558,609</u>
Cash and restricted cash - end of period	<u>\$ 935,397</u>	<u>\$ 800,988</u>	<u>\$ 928,059</u>

683 NORTHLAND MASTER TENANT, LLC
Budget to Actual Comparison

	<u>YTD August 2023</u>	<u>YTD Budget 2023</u>	<u>Variance</u>
Revenues:			
Lease revenue	\$ 969,124	\$ 970,667	\$ (1,543)
Additional lease revenue	496,471	494,667	1,804
Interest and other revenue	4,282	167	4,115
Total revenues	<u>1,469,876</u>	<u>1,465,500</u>	<u>4,376</u>
Expenses:			
Lease expense	1,281,000	1,253,161	27,839
Payroll	104,648	110,733	(6,086)
Utilities	7,966	68,000	(60,034)
Insurance	83,003	84,667	(1,664)
Professional fees	62,636	45,133	17,503
Property management fee	46,644	48,667	(2,022)
Real estate taxes	13,169	17,333	(4,164)
Repairs and maintenance	158,562	174,000	(15,438)
Asset management fee	10,000	10,000	-
Miscellaneous	-	3,333	(3,333)
Depreciation	-	-	-
Total expenses	<u>1,767,628</u>	<u>1,815,028</u>	<u>(47,400)</u>
Net income (loss)	\$ (297,752)	\$ (349,528)	\$ 51,776

Budget variances:

- Additional lease revenue is amounts charged to tenants for common area maintenance (CAM) charges, insurance, etc.
- Lease expense represents the base lease cost of the Master Lease with 683 Northland LLC
- Utility costs are below budget because the majority of expenses are being billed to the tenants.
- Professional fees are above budget year-to-date because of timing (e.g. audit and tax prep fees).
- Repairs and maintenance includes building automation system costs, snow removal and landscaping.

Buffalo Urban Development Corporation
Consolidated Financial Statements
August 31, 2023
(Unaudited)

BUFFALO URBAN DEVELOPMENT CORPORATION
Consolidated Statements of Net Position
(Unaudited)

	<u>August 2023</u>	<u>July 2023</u>	<u>December 2022</u>
ASSETS			
Current assets:			
Cash	\$ 15,522,096	\$ 18,314,059	\$ 20,354,669
Restricted cash	3,853,033	3,849,898	4,014,036
Grants receivable	30,640,574	30,640,574	32,183,206
Other current assets	<u>5,789,303</u>	<u>5,862,927</u>	<u>6,230,118</u>
Total current assets	55,805,006	58,667,459	62,782,029
Noncurrent assets:			
Loans receivable	9,666,400	9,666,400	9,666,400
Equity investment	178,051	178,051	178,051
Capital assets, net	102,029,976	102,368,169	104,743,214
Land and improvement held for sale, net	<u>788,212</u>	<u>788,212</u>	<u>788,212</u>
Total noncurrent assets	112,662,639	113,000,831	115,375,877
Total assets	<u>\$ 168,467,645</u>	<u>\$ 171,668,290</u>	<u>\$ 178,157,906</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$ 340,639	\$ 124,965	\$ 244,121
Lines of credit	647,158	647,158	677,158
Loans payable, current	369,750	369,750	1,001,167
Unearned grant revenue	<u>47,811,613</u>	<u>50,917,909</u>	<u>53,843,821</u>
Total current liabilities	49,169,161	52,059,782	55,766,267
Deferred rent liability	19,729,285	19,847,679	20,693,140
Loans payable, noncurrent	<u>13,730,000</u>	<u>13,730,000</u>	<u>14,099,750</u>
Total noncurrent liabilities	33,459,285	33,577,679	34,792,890
NET POSITION			
Net investment in capital assets	88,718,438	89,056,630	90,430,509
Restricted	3,311,036	3,311,036	3,510,166
Unrestricted	<u>(6,190,274)</u>	<u>(6,336,836)</u>	<u>(6,341,926)</u>
Total net position	85,839,199	86,030,830	87,598,749
Total liabilities and net position	<u>\$ 168,467,645</u>	<u>\$ 171,668,290</u>	<u>\$ 178,157,906</u>

Balance Sheet Notes:

- Cash decreased mainly due to payments made with grant receipts during the month.
- Capital assets decrease is due to monthly depreciation expense.
- Accounts payable/accrued expenses increased due to higher consultant invoices for Ralph Wilson Park.
- Lines of credit: balances at end of April are BUDC: \$0 ; 683 Northland: \$647,158. 683 Northland took no advances during the month and BUDC's line is currently paid down.
- Unearned grant revenue decreased due to recognition of grant revenue.

BUFFALO URBAN DEVELOPMENT CORPORATION
Consolidated Statements of Revenues, Expenses
and Changes in Net Position
Year to Date (with Comparative Data)
(Unaudited)

	<u>August 2023</u>	<u>July 2023</u>	<u>December 2022</u>
Operating revenues:			
Grant revenue	\$ 17,181,122	\$ 14,277,695	\$ 8,056,897
Brownfield funds	33,502	31,181	36,183
Loan interest and commitment fees	64,443	56,387	618,537
Rental and other revenue	2,273,085	2,106,042	9,024,458
Proceeds from sale of land, net	-	-	(440,604)
Total operating revenues	<u>19,552,151</u>	<u>16,471,305</u>	<u>17,295,471</u>
Operating expenses:			
Development costs	16,940,457	14,283,290	8,152,353
Adjustment to net realizable value	107,557	52,174	121,587
Salaries and benefits	284,005	239,480	384,460
General and administrative	1,239,813	1,063,546	1,678,689
Management fee	57,516	49,816	83,967
Depreciation	2,705,538	2,367,346	4,152,122
Total operating expenses	<u>21,334,886</u>	<u>18,055,653</u>	<u>14,573,179</u>
Operating income (loss)	(1,782,734)	(1,584,347)	2,722,292
Non-operating revenues (expenses):			
Loss on disposal	-	-	18,051
Interest expense	(115,294)	(108,357)	(782,784)
Interest income	101,887	88,194	18,966
Other income	(5,720)	(5,720)	(44,366)
Total non-operating revenues (expenses)	<u>(19,126)</u>	<u>(25,883)</u>	<u>(790,133)</u>
Change in net position	(1,801,861)	(1,610,230)	1,932,159
Net position - beginning of period	<u>87,598,749</u>	<u>87,598,749</u>	<u>85,318,266</u>
Capital contributions, net of distributions	42,311	42,311	348,325
Net position - end of period	<u>\$ 85,839,200</u>	<u>\$ 86,030,830</u>	<u>\$ 87,598,749</u>

BUFFALO URBAN DEVELOPMENT CORPORATION
Consolidating Statement of Net Position
August 31, 2023 (Unaudited)

	Buffalo Urban Development Corporation	683 WTC, LLC	683 Northland LLC	Eliminations (1)	Total
ASSETS					
Current assets:					
Cash	\$ 15,512,710	\$ 60	\$ 9,326	\$ -	\$ 15,522,096
Restricted cash	3,671,970	-	181,063	-	3,853,033
Grants receivable	30,640,574	-	-	-	30,640,574
Other current assets	7,672,986	26,833	132,359	(2,042,874)	5,789,303
Total current assets	57,498,240	26,893	322,747	(2,042,874)	55,805,006
Noncurrent assets:					
Loans receivable	61,853,679	-	-	(52,187,279)	9,666,400
Equity investment	-	67,097,964	-	(66,919,913)	178,051
Capital assets, net	8,402,866	-	93,627,110	-	102,029,976
Land and improvement held for sale, net	788,212	-	-	-	788,212
Total noncurrent assets	71,044,756	67,097,964	93,627,110	(119,107,192)	112,662,639
Total assets	\$ 128,542,997	\$ 67,124,856	\$ 93,949,858	\$ (121,150,066)	\$ 168,467,645
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expense	\$ 336,295	\$ 2,042,874	\$ 4,345	(2,042,874)	(1)\$ 340,639
Line of credit	-	-	647,158	-	647,158
Loans payable, current	369,750	-	-	-	369,750
Unearned grant revenue	47,811,613	-	-	-	47,811,613
Total liabilities	48,517,658	2,042,874	651,503	(2,042,874)	49,169,161
Noncurrent liabilities:					
Deferred rent liability	-	-	19,729,285	-	19,729,285
Loans payable, noncurrent	-	52,187,279	13,730,000	(52,187,279)	13,730,000
Total noncurrent liabilities	-	52,187,279	33,459,285	(52,187,279)	33,459,285
NET POSITION					
Net investment in capital assets	8,821,327	-	79,897,110	-	88,718,438
Restricted	3,311,036	-	-	-	3,311,036
Unrestricted	67,892,976	12,894,703	(20,058,041)	(66,919,913)	(6,190,274)
Total net position	80,025,339	12,894,703	59,839,070	(66,919,913)	85,839,199
Total liabilities and net position	\$ 128,542,997	\$ 67,124,856	\$ 93,949,858	\$ (121,150,066)	\$ 168,467,645

(1) This represents activity between the entities to be eliminated for the consolidated financial statements.

BUFFALO URBAN DEVELOPMENT CORPORATION
Consolidating Statement of Revenues, Expenses and Changes in Net Position
Year to Date: August 31, 2023 (Unaudited)

	Buffalo Urban Development Corporation	683 WTC, LLC	683 Northland LLC	Eliminations (1)	Total
Operating revenues:					
Grant revenue	\$ 17,181,122	\$ -	\$ -	\$ -	\$ 17,181,122
Brownfield funds	33,502	-	-	-	33,502
Loan interest and commitment fees	64,443	-	-	-	64,443
Rental and other revenue	83,946	897,001	1,292,137	-	2,273,085
Proceeds from land sales, net	-	-	-	-	-
Total operating revenue	<u>17,363,013</u>	<u>897,001</u>	<u>1,292,137</u>	<u>-</u>	<u>19,552,151</u>
Operating expenses:					
Development costs	16,940,457	-	-	-	16,940,457
Adjustment to net realizable value	107,557	-	-	-	107,557
Salaries and benefits	284,005	-	-	-	284,005
General and administrative	950,233	126,000	163,580	-	1,239,813
Management fee	57,516	-	-	-	57,516
Depreciation	-	-	2,705,538	-	2,705,538
Total operating expenses	<u>18,339,767</u>	<u>126,000</u>	<u>2,869,118</u>	<u>-</u>	<u>21,334,886</u>
Operating income	(976,755)	771,001	(1,576,981)	-	(1,782,734)
Non-operating revenues (expenses):					
Interest expense	(18,810)	-	(96,484)	-	(115,294)
Interest income	101,326	325	237	-	101,887
Other income/expenses	-	-	(5,720)	-	(5,720)
Total non-operating revenues (expenses)	<u>82,516</u>	<u>325</u>	<u>(101,967)</u>	<u>-</u>	<u>(19,126)</u>
Change in net position	(894,239)	771,326	(1,678,948)	-	(1,801,861)
Net position - beginning of year	80,919,578	12,123,377	60,669,506	(66,113,712)	87,598,749
Capital contributions, net of distributions	-	-	848,512	(806,201)	42,311
Net position - end of period	<u>\$ 80,025,339</u>	<u>\$ 12,894,703</u>	<u>\$ 59,839,070</u>	<u>\$ (66,919,913)</u>	<u>\$ 85,839,199</u>

(1) This represents activity between the entities to be eliminated for the consolidated financial statements.

BUFFALO URBAN DEVELOPMENT CORPORATION
Budget to Actual Comparison
Year to Date: August 31, 2023 (Unaudited)

	<u>YTD August 2023</u>	<u>YTD Budget 2023</u>	<u>Variance</u>
Operating revenues:			
Grant revenue	\$ 17,181,122	\$ 25,103,333	\$ (7,922,212)
Brownfield funds	33,502	26,667	6,835
Loan interest and commitment fees	64,443	64,443	(0)
Rental and other revenue	2,273,085	1,320,241	952,843
Proceeds from land sales, net	<u>-</u>	<u>131,800</u>	<u>(131,800)</u>
Total operating revenues	<u>19,552,151</u>	<u>26,646,484</u>	<u>(7,094,333)</u>
Operating expenses:			
Development costs	16,940,457	21,271,440	(4,330,983)
Adjustment to net realizable value	107,557	-	107,557
Salaries and benefits	284,005	346,063	(62,058)
General and administrative	1,239,813	883,451	356,362
Management fee	57,516	58,000	(484)
Depreciation	<u>2,705,538</u>	<u>2,720,667</u>	<u>(15,129)</u>
Total operating expenses	<u>21,334,886</u>	<u>25,279,620</u>	<u>(3,944,734)</u>
Operating income (loss)	<u>(1,782,734)</u>	1,366,864	(3,149,598)
Non-operating revenues (expenses):			
Interest expense	(115,294)	(163,783)	48,489
Interest income	101,887	333	101,554
Other income/expenses	<u>(5,720)</u>	<u>-</u>	<u>(5,720)</u>
Total non-operating revenues (expenses)	<u>(19,126)</u>	<u>(163,449)</u>	<u>144,323</u>
Change in net position	<u>\$ (1,801,861)</u>	<u>\$ 1,203,415</u>	<u>\$ (3,005,275)</u>

Budget variances:

- Grant revenue relates mainly to Ralph C. Wilson, Jr. Centennial Park and Northland Solar Projects. The variance is due to lower grant revenue recognition than anticipated as a result of project timing.
- Rental and other revenue consists of recognition of prepaid rent income (straight-line basis) by 683 Northland LLC from 683 Northland Master Tenant, LLC, and rent income at properties other than 683 Northland Avenue. Also included is 2020 brownfield tax credit refund to 683 WTC, LLC of \$897,000, received in January.
- Development costs consist of property/project-related costs (e.g. consultants, operations and maintenance, legal and utility costs). Some costs may be capitalized upon project completion. Variance due mainly to timing of project costs.
- Salaries and benefits are under budget because the 2023 budget included 4 employees for the entire year, Northland Project Manager was hired in June 2023.
- General and administrative costs consist of insurance, rents, audit/tax, marketing and other G&A costs. Rents include BUDC offices, Buffalo Manufacturing Works base rent (per ESD grant agreement) and recognition of prepaid rent for Workforce Training Center.
- Depreciation relates mainly to capitalized assets at 683 Northland Avenue.
- Interest expense represents cost of borrowing related to 714 Northland and 683 Northland line of credit.

Buffalo Urban Development Corporation

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Item 4.1

MEMORANDUM

TO: BUDC Board of Directors

FROM: Brandy Merriweather, President

SUBJECT: BUDC Office Sublease Amendment

DATE: September 26, 2023

In September 2018, BUDC entered into an extension of its sublease agreement with the Erie County Industrial Development Agency (“ECIDA”) for 1,294 square feet of office space on the fourth floor of 95 Perry Street. This extension expires as of September 30, 2023. An amendment to the sublease arrangement with ECIDA is needed.

The terms of the proposed amendment provide for an extension of BUDC’s sublease for a term of four years (October 1, 2023 to September 30, 2027). BUDC’s leased space will decrease slightly to 1,238 square feet. The proposed lease rate is \$17.00/square foot, which will remain fixed for the four-year term. BUDC’s current lease rate is \$16.50/square foot, reflecting an overall decrease in rent of approximately \$305.00 annually due to the decrease in BUDC’s square footage. As part of the sublease arrangement, BUDC will also pay ECIDA additional rent at its proportionate share of estimated real estate taxes, operating expenses and utilities. Additional rent will be adjusted annually to reflect actual costs for the previous year.

Continuing a sublease arrangement with ECIDA will allow BUDC to continue its effective shared services agreement for financial management, IT, payroll, and other administrative services. Consistent with the terms of the current sublease arrangement, BUDC would be permitted to terminate the new sublease arrangement on ninety (90) days notice to ECIDA. The ECIDA Board of Directors is anticipated to approve its lease arrangement with Michigan Street Development, LLC as its landlord, and the sublease arrangement with BUDC at its September 27, 2023 meeting.

This item was reviewed by the BUDC Real Estate Committee on September 21, 2023 and recommended for approval.

Hon. Byron W. Brown, Chairman of the Board • Dennis Penman, Vice Chairman • Brandy Merriweather, President
Rebecca Gandour, Executive Vice President • Mollie Profic, Treasurer • Atiqa Abidi, Assistant Treasurer • Kevin J. Zanner, Secretary

ACTION:

I am requesting that the BUDC Board of Directors: (i) approve the sublease arrangement with ECIDA upon the terms and conditions described in this memorandum and contingent on the ECIDA Board of Directors' approval of the sublease arrangement with BUDC at its September 27, 2023 meeting; and (ii) authorize the BUDC President or Executive Vice President to execute the amendment and extension to the sublease with such modifications as may be necessary or appropriate and take such other actions as are necessary to implement this authorization.

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Item 4.2

MEMORANDUM

TO: BUDC Board of Directors

FROM: Antonio Parker, Project Manager

SUBJECT: Ralph C. Wilson, Jr. Centennial Park – Sixth Amendment to BUDC- City of Buffalo Wilson Foundation Subgrant Agreement

DATE: September 26, 2023

At its June 27, 2023 meeting, the BUDC Board of Directors approved the Fifth Amendment to the Wilson Foundation Subgrant Agreement between BUDC and the City of Buffalo. This amendment allows for the transfer of \$252,000 in funding from the Ralph C. Wilson, Jr. Foundation (the “Wilson Foundation”) to fund the City of Buffalo’s grant manager position for four years.

As the project team moves forward with construction at Ralph Wilson Park, escalations in the market have resulted in higher construction costs than originally estimated. An additional amendment to the subgrant agreement is needed to transfer up to \$8,760,053.00 from BUDC to the City of Buffalo for Phase 1 of construction. This amendment will be funded through Wilson Grant #7, which was accepted by the BUDC Board of Directors at its November 29, 2022 meeting.

The proposed amendment would also reduce the amount of funds granted to the City under Wilson Grant #5 as part of the Third Amendment to the Subgrant Agreement. BUDC’s project manager Gardiner & Theobald has recommended decreasing the amount of this subgrant from \$3,280,416.00 to \$3,219,251.00. This reduction in the amount of \$61,165.00, will allow BUDC to pay National Grid directly for project-related costs.

This item is being presented directly to the BUDC Board, as the September BUDC Downtown Committee meeting was cancelled due to a lack of quorum.

ACTION:

I am requesting that the BUDC Board of Directors: (i) approve the Sixth Amendment to the BUDC-City of Buffalo subgrant agreement allowing BUDC to transfer up to \$8,760,053.00 from Wilson Grant #7 to the City of Buffalo for Phase 1 of the Project's construction; (ii) modify the allocation of Wilson Grant #5 funding in the Third Amendment to the Subgrant Agreement from \$3,280,416.00 to \$3,219,251.00; and (iii) authorize the BUDC President or Executive Vice President to execute the Sixth Amendment to the Subgrant Agreement and take such other actions as are necessary to implement this authorization.

Hon. Byron W. Brown, Chairman of the Board • Dennis Penman, Vice Chairman • Brandye Merriweather, President
Rebecca Gandour, Executive Vice President • Mollie Profic, Treasurer • Atiqah Abidi, Assistant Treasurer • Kevin J. Zanner, Secretary

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Item 4.3

MEMORANDUM

TO: BUDC Board of Directors
FROM: Angelo Rhodes II, Project Manager
SUBJECT: ESD Solar Microgrid GDA Amendment
DATE: September 26, 2023

In 2019, Empire State Development (ESD) allocated \$2 million from its “East Side Corridors Economic Development Fund” to begin the next phase of work at the Northland campus to initiate planning, design, and construction of a community solar array and initial microgrid components. In December 2020, ESD approved a portion of the funding (\$200,000) to undertake the initial planning study for the microgrid system that was completed in Spring of 2022. The \$1.8 million balance of the project was delayed as a result of COVID-19 restrictions, and was included as a component of a larger \$18 million funding application to the U.S. Economic Development Administration (“EDA”) under its “Build Back Better Regional Challenge” and for additional New York State funding submitted by ESD/BUDC in March 2022.

On September 1, 2022 BUDC was awarded the “Build Back Better Regional Challenge”. EDA will fund \$14.4 million and \$3.6 million must be funded through a required non-federal match. The \$1.8 million grant would cover half of the non-federal match, with the balance coming from additional New York State funds included in the 2022-2023 state budget and to be administered by ESD. With this additional federal funding, BUDC is now capable of moving the microgrid system into final design and implementation. Upon execution of the grant disbursement agreement, BUDC is obligated to a commitment fee of 1% of the \$1,800,000 capital grant (\$18,000). The commitment fee will be utilize funds from the Buffalo Brownfields Redevelopment Fund (BBRF).

This item was reviewed by the BUDC Real Estate Committee during its September 21, 2023 meeting and the item was recommended for BUDC Board approval.

ACTION:

I am requesting that the BUDC Board of Directors: (i) approve the Empire State Development grant award in the amount of \$1,800,000; (ii) approve using funds from the BBRF for commitment fee; and (iii) authorize each of the BUDC President or Executive Vice President to execute the Grant Agreement and any related grant documents and agreements, and to take such other actions as may be necessary or appropriate to implement this authorization.