

Buffalo Urban Development Corporation

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Audit & Finance Committee Meeting Thursday, December 14, 2023 – 12:00 p.m. 95 Perry Street 4th Floor Vista Room

Agenda

1. Minutes of October 12, 2023 Meeting *(Approval) (Enclosure)*
2. 2023 Audit Engagement Letters *(Information) (Enclosure)*
3. 2023 Audit Plan Discussion *(Information)*
4. 683 Northland Avenue – Extension of KeyBank Line of Credit *(Recommendation) (Enclosure)*
5. 683 Northland Project – Inter-Company Transactions *(Recommendation) (Enclosure)*
6. Loan from BBRC to BBRC Land Company I, LLC *(Information)*
7. 2024 Cammarata Consulting, LLC Agreement *(Approval) (Enclosure)*
8. 2024 Bisonwing Planning and Development, LLC Agreement *(Approval) (Enclosure)*
9. Miscellaneous Funding Source Updates *(Information)*
10. Adjournment *(Approval)*

**Minutes of the Meeting
of the
Audit & Finance Committee
of
Buffalo Urban Development Corporation**

**95 Perry Street
Buffalo, New York
October 12, 2023
12:00 p.m.**

Call to Order:

Committee Members Present:

Catherine Amdur
Trina Burruss
Janique S. Curry
Dennis M. Penman (Committee Chair)

Committee Members Absent:

David J. Nasca

Officers Present:

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

Others Present: Alexis M. Florczak, Hurwitz Fine P.C.; and Angelo Rhodes II, Northland Project Manager.

Roll Call – The meeting was called to order at 12:25 p.m. and a quorum was determined to be present. Ms. Curry joined the meeting during the presentation of item 2.

- 1.0 Approval of Minutes of the September 7, 2023 Meeting** – The minutes of the September 7, 2023 meeting of the Audit & Finance Committee were presented. Ms. Burruss made a motion to approve the meeting minutes. The motion was seconded by Ms. Amdur and unanimously carried (3-0-0).
- 2.0 2024 683 Northland Master Tenant Budget** – Ms. Abidi reviewed the draft 2024 budget for 683 Northland Master Tenant, LLC. Ms. Abidi noted that an adjustment to the revenue side of the draft budget was made since the September committee meeting to reflect that Northland Workforce Training Center has obtained funding to move forward with a lease for additional space at 683 Northland. She also noted that the budget is presented to the Committee and the Board for information purposes only.
- 3.0 2024 BUDC Draft Budget** – Ms. Abidi presented the 2024 draft budget, which was initially reviewed by the Committee at the September 7th meeting. She reviewed with the Committee minor changes to budget that were made following the September meeting. After a discussion regarding the draft budget, Ms. Curry made a motion to recommend that the Board of Directors approve the proposed 2024 BUDC budget. The motion was seconded by Ms. Burruss and unanimously carried (4-0-0).

- 4.0** **683 Northland Construction Loan and LOC Update** – Ms. Gandour updated the Committee regarding the 683 Northland construction loan and line of credit. The construction loan was paid off in full by BUDC in March of 2023. A balance in the amount of approximately \$647,000 remains on the line of credit. BUDC staff is working with KeyBank to extend the line of credit beyond the December 31, 2023 maturity date and is awaiting receipt of documents from KeyBank to memorialize the extension.
- 5.0** **Miscellaneous Funding Source Update** – Ms. Gandour presented an update regarding miscellaneous funding sources. Empire State Development has approved a \$55 million grant to BUDC for the Northland Corridor project. While the grant disbursement agreement is not finalized, it is anticipated to include a \$2.5 million allocation for cost recovery relating to the 683 Northland project. Ms. Gandour also reported that BUDC staff is preparing its third capacity grant request to the Ralph C. Wilson, Jr. Foundation and requested the Committee's feedback prior to its submission. Ms. Gandour noted that BUDC's capacity funding has stayed static for six years, and this is the first request by BUDC to increase its capacity grant budget. Ms. Gandour presented a handout summarizing the capacity grant request, which proposes an increase to BUDC's grant administration funding due to increased staff time and third-party costs relating to the Ralph Wilson Park project. The Committee voiced support for the capacity grant request to the Wilson Foundation. BUDC will submit its request later this month, which will be reviewed by the Wilson Foundation Board in December.
- 6.0** **Adjournment** – There being no further business to come before the Committee, the October 12, 2023 meeting of the Audit & Finance Committee was adjourned at 12:41 p.m.

Respectfully submitted,

Kevin J. Zanner
Secretary



November 8, 2023

Board of Directors
Buffalo Urban Development Corporation
95 Perry Street, Suite 403
Buffalo, NY 14203

Dear: Mollie Profic, CFO:

This letter is intended to communicate certain matters related to the planned scope and timing of our audit of the Buffalo Urban Development Corporation's (the BUDC) financial statements and compliance as of and for the year ending December 31, 2023.

Communication

Effective two-way communication between our firm and the Board of Directors is important to understanding matters related to the audit and developing a constructive working relationship.

Your insights may assist us in understanding the BUDC and its environment, identifying appropriate sources of audit evidence and providing information about specific transactions or events. We will discuss with you your oversight of the effectiveness of internal control and any areas where you request additional procedures to be undertaken. We expect that you will timely communicate to us any matters you consider relevant to the audit. Such matters might include strategic decisions that may significantly affect the nature, timing and extent of audit procedures, your suspicion or detection of fraud, or any concerns you may have about the integrity or competence of senior management.

We will timely communicate to you any fraud involving senior management and other known or likely fraud, noncompliance with provisions of laws, statutes, regulations, rules, provisions of contracts or grant agreements or abuse that is likely to have a material effect on the financial statements. We will also communicate illegal acts, instances of noncompliance or fraud that come to our attention (unless they are clearly inconsequential), and disagreements with management and other serious difficulties encountered in performing the audit. We also will communicate to you [and to management] any significant deficiencies or material weaknesses in internal control that become known to us during the course of the audit. Additionally we will communicate significant unusual transactions, matters that are difficult or contentious for which the auditor consulted outside the engagement team, and circumstances that affect the form and content of the auditor's report. Other matters arising from the audit that are, in our professional judgment, significant and relevant to you in your oversight of the financial reporting process will be communicated to you in writing.

Independence

Our independence policies and procedures are designed to provide reasonable assurance that our firm and its personnel comply with applicable professional independence standards. Our policies address financial interests, business and family relationships, and non-audit services that may be thought to bear on independence. For example, our Directors or professional employee of Freed Maxick CPAs, P.C. is permitted employees are restricted in their ability to own a direct financial interest or a material indirect financial interest in a client or any affiliate of a client. Also, if an immediate family member or close relative

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of a Director or professional employee is employed by a client in a key position, the incident must be reported and resolved in accordance with firm policy. In addition, our policies prohibit us from providing certain non-attest services that may be provided by Freed Maxick CPAs, P.C. and require audit clients to accept certain responsibilities in connection with the provision of permitted non-attest services.

The Audit Planning Process

Our audit approach places a strong emphasis on obtaining an understanding of how your entity functions. This enables us to identify key audit components and tailor our procedures to the unique aspects of your operations. The development of a specific audit plan will begin by meeting with you [and with management] to obtain an understanding of business objectives, strategies, risks and performance.

As part of obtaining an understanding of your BUDC and its environment, we will obtain an understanding of your system of internal control. We will use this understanding to identify risks of material misstatement and noncompliance, which will provide us with a basis for designing and implementing responses to the assessed risks of material misstatement and noncompliance. We will also obtain an understanding of the users of the financial statements in order to establish an overall materiality level for audit purposes. We will conduct formal discussions among engagement team members to consider how and where your financial statements might be susceptible to material misstatement due to fraud or error or to instances of noncompliance.

The Concept of Materiality in Planning and Executing the Audit

We apply the concept of materiality in both planning and performing the audit, evaluating the effect of identified misstatements or noncompliance on the audit and the effect of uncorrected misstatements, if any, on the financial statements, forming the opinion in our report on the financial statements, and determining or reporting in accordance with *Government Auditing Standards* and other compliance reporting requirements. Our determination of materiality is a matter of professional judgment and is affected by our perception of the financial and compliance informational needs of users of the financial statements. We establish performance materiality at an amount less than materiality for the financial statements as a whole to allow for the risk of misstatements that may not be detected by the audit. We use performance materiality for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. Our assessment of materiality throughout the audit will be based on both quantitative and qualitative considerations. Because of the interaction of quantitative and qualitative considerations, misstatements of a relatively small amount could have a material effect on the current financial statements as well as financial statements of future periods. We will accumulate misstatements identified during the audit, other than those that are clearly trivial. At the end of the audit, we will inform you of all individual uncorrected misstatements aggregated by us in connection with our evaluation of our audit test results.

Significant Risks of Material Misstatement

Our audit of the financial statements includes the performance of risk assessment procedures in order to identify risks of material misstatement, whether due to fraud or error. As part of these risk assessment procedures, we determine whether any risks identified are a significant risk. A significant risk is an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk due to the degree to which inherent risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement should that misstatement occur, or that is to be treated as a significant risk in accordance with generally accepted auditing standards in the United States of America. As part of our initial risk assessment procedures, we identified the following risks as significant risks. Additional significant risks may be identified as we perform additional audit procedures.

Risk Name	Risk Description	Planned Response
Management override of controls	There is risk that controls could be circumvented to commit fraud.	Freed Maxick will perform journal entry testing and perform fraud inquiries with various individuals.
Fraudulent revenue recognition	There is risk that revenue could be recorded in the wrong amount or in the wrong period to manipulate financial results.	Freed Maxick gains an understanding of internal controls related to revenue recognition and performs a walkthrough of key controls. Freed Maxick will also perform revenue testing and analytical procedures.

Our Approach to Internal Control and Compliance Relevant to the Audit

Our audit of the financial statements, including compliance, will include obtaining an understanding of internal control over financial reporting and compliance sufficient to plan the audit and determine the nature, timing and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control over financial reporting and compliance or to identify significant deficiencies or material weaknesses. Our review and understanding of the entity’s internal control over financial reporting and compliance is not undertaken for the purpose of expressing an opinion on the effectiveness of internal control.

We will issue reports on internal control over financial reporting and compliance related to the financial statements and major programs. These reports describe the scope of testing of internal control over financial reporting and compliance and the results of our tests of internal control over financial reporting and compliance. Our reports on internal control over financial reporting and compliance will include any significant deficiencies and material weaknesses in the system of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control over financial reporting and compliance consistent with the requirements of *Government Auditing Standards* issued by the Comptroller General of the United States.

We will issue reports on compliance with laws, statutes, regulations, and the terms and conditions of federal awards. We will report on any noncompliance that could have a material effect on the financial statements and any noncompliance that could have a direct and material effect on each major program. Our reports on compliance will address material errors, fraud, violations of compliance requirements, and other responsibilities imposed by state and federal statutes and regulations and assumed contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with the requirements of the standards identified above.

Timing of the Audit

Preliminary audit work will take place in November 2023, and we have scheduled field work for the week of February 5, 2024. Management’s adherence to its closing schedule and timely completion of information used by us in performance of the audit is essential to timely completion of the audit.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the Buffalo Urban Development Corporation.



This communication is intended solely for the information and use of the Board of Directors and is not intended to be, and should not be, used by anyone other than this specified party.

Freed Maxick CPAs, P.C.

A handwritten signature in black ink that reads "Barbara A. Danner". The signature is written in a cursive, flowing style.

Barbara A. Danner, CPA
Director



November 8, 2023

Board of Directors
Buffalo Urban Development Corporation
95 Perry Street, Suite 403
Buffalo, NY 14203

Dear Mollie Profic, CFO:

This letter is intended to communicate certain matters related to the planned scope and timing of our audit of the Buffalo Brownfields Redevelopment Fund's (the BBRF) financial statements as of and for the year ending December 31, 2023.

Communication

Effective two-way communication between our firm and the Board of Directors is important to understanding matters related to the audit and developing a constructive working relationship.

Your insights may assist us in understanding the BBRF and its environment, identifying appropriate sources of audit evidence and providing information about specific transactions or events. We will discuss with you your oversight of the effectiveness of internal control and any areas where you request additional procedures to be undertaken. We expect that you will timely communicate to us any matters you consider relevant to the audit. Such matters might include strategic decisions that may significantly affect the nature, timing and extent of audit procedures, your suspicion or detection of fraud, or any concerns you may have about the integrity or competence of senior management.

We will timely communicate to you any fraud involving senior management and other fraud that causes a material misstatement of the financial statements, instances of noncompliance with laws and regulations that come to our attention (unless they are clearly inconsequential), and disagreements with management and other serious difficulties encountered in performing the audit. We also will communicate to you and to management any significant deficiencies or material weaknesses in internal control that become known to us during the course of the audit. Additionally, we will communicate significant unusual transactions, matters that are difficult or contentious for which we consulted outside the engagement team, and circumstances that affect the form and content of the auditor's report. Other matters arising from the audit that are, in our professional judgment, significant and relevant to you in your oversight of the financial reporting process will be communicated to you in writing.

Independence

Our independence policies and procedures are designed to provide reasonable assurance that our firm and its personnel comply with applicable professional independence standards. Our policies address financial interests, business and family relationships, and non-audit services that may be thought to bear on independence. For example, directors and professional employees of Freed Maxick CPAs, P.C. are restricted in their ability to own a direct financial interest or a material indirect financial interest in a client or any affiliate of a client. Also, if an immediate family member or close relative of a director or professional employee is employed by a client in a key position, the incident must be reported and resolved in

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accordance with firm policy. In addition, our policies prohibit us from providing certain non-attest services that may be provided by Freed Maxick CPAs, P.C. and require audit clients to accept certain responsibilities in connection with the provision of permitted non-attest services.

The Audit Planning Process

Our audit approach places a strong emphasis on obtaining an understanding of how your business functions. This enables us to identify key audit components and tailor our procedures to the unique aspects of your business. The development of a specific audit plan will begin by meeting with you and with management to obtain an understanding of your business objectives, strategies, risks and performance.

As part of obtaining an understanding of your business and its environment, we will obtain an understanding of your system of internal control. We will use this understanding to identify risks of material misstatement, which will provide us with a basis for designing and implementing responses to the assessed risks of material misstatement. We will also obtain an understanding of the users of the financial statements in order to establish an overall materiality level for audit purposes. We will conduct formal discussions among engagement team members to consider how and where your financial statements might be susceptible to material misstatement due to fraud or error.

The Concept of Materiality in Planning and Executing the Audit

We apply the concept of materiality in both planning and performing the audit; evaluating the effect of identified misstatements on the audit and the effect of uncorrected misstatements, if any, on the financial statements; and forming the opinion in our report. Our determination of materiality is a matter of professional judgment and is affected by our perception of the financial information needs of users of the financial statements. We establish performance materiality at an amount less than materiality for the financial statements as a whole to allow for the risk of misstatements that may not be detected by the audit. We use performance materiality for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. Our assessment of materiality throughout the audit will be based on both quantitative and qualitative considerations. Because of the interaction of quantitative and qualitative considerations, misstatements of a relatively small amount could have a material effect on the current financial statements as well as financial statements of future periods. We will accumulate misstatements identified during the audit, other than those that are clearly trivial. At the end of the audit, we will inform you of all individual uncorrected misstatements aggregated by us in connection with our evaluation of our audit test results.

Significant Risks of Material Misstatement

Our audit of the financial statements includes the performance of risk assessment procedures in order to identify risks of material misstatement, whether due to fraud or error. As part of these risk assessment procedures, we determine whether any risks identified are a significant risk. A significant risk is an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk due to the degree to which inherent risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement should that misstatement occur, or that is to be treated as a significant risk in accordance with auditing standards generally accepted in the United States of America. As part of our initial risk assessment procedures, we identified the following risks as significant risks. Additional significant risks may be identified as we perform additional audit procedures.

Risk Name	Risk Description	Planned Response
Management override of controls	There is risk that controls could be circumvented to commit fraud.	Freed Maxick will perform journal entry testing and perform fraud inquiries with various individuals.
Fraudulent revenue recognition	There is risk that revenue could be recorded in the wrong amount or in the wrong period to manipulate financial results.	Freed Maxick gains an understanding of internal controls related to revenue recognition and performs a walkthrough of key controls. Freed Maxick will also perform revenue testing and analytical procedures.

Our Approach to Understanding Your System of Internal Control

Our audit of the financial statements will include obtaining an understanding of internal control sufficient to plan the audit and determine the nature, timing and extent of audit procedures to be performed. A financial statement audit is not designed to provide assurance on internal control or identify significant deficiencies or material weaknesses. Our review and understanding of the BBRF’s internal control is not undertaken for the purpose of expressing an opinion on the effectiveness of internal control.

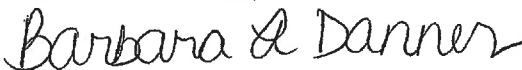
Timing of the Audit

Preliminary audit work took place in November 2023, and we have scheduled field work for the week of February 5, 2024. Management’s adherence to its closing schedule and timely completion of information used by us in performance of the audit is essential to timely completion of the audit.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the BBRF.

This communication is intended solely for the information and use of the Board of Directors and is not intended to be, and should not be, used by anyone other than this specified party.

Freed Maxick CPAs, P.C.

 Barbara A. Danner, CPA
 Director





November 8, 2023

Rebecca Gandour
683 Northland LLC and
683 Northland Master Tenant, LLC
95 Perry Street, Suite 404
Buffalo, New York, 14203

Dear Rebecca:

This letter is intended to communicate certain matters related to the planned scope and timing of our audits of 683 Northland and 683 Northland Master Tenant, LLC's financial statements as of and for the year ending December 31, 2023.

Communication

Effective two-way communication between our firm and the Managing Member is important to understanding matters related to the audits and developing a constructive working relationship.

Your insights may assist us in understanding 683 Northland LLC and 683 Northland Master Tenant, LLC and their environment, identifying appropriate sources of audit evidence and providing information about specific transactions or events. We will discuss with you your oversight of the effectiveness of internal control and any areas where you request additional procedures to be undertaken. We expect that you will timely communicate to us any matters you consider relevant to the audits. Such matters might include strategic decisions that may significantly affect the nature, timing and extent of audit procedures, your suspicion or detection of fraud, or any concerns you may have about the integrity or competence of senior management.

We will timely communicate to you any fraud involving senior management and other fraud that causes a material misstatement of the financial statements, instances of noncompliance with laws and regulations that come to our attention (unless they are clearly inconsequential), and disagreements with management and other serious difficulties encountered in performing the audits. We also will communicate to you and to management any significant deficiencies or material weaknesses in internal control that become known to us during the course of the audits. Additionally, we will communicate significant unusual transactions, matters that are difficult or contentious for which we consulted outside the engagement team, and circumstances that affect the form and content of the auditor's report. Other matters arising from the audits that are, in our professional judgment, significant and relevant to you in your oversight of the financial reporting process will be communicated to you in writing.

Independence

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any affiliate of a client. Also, if an immediate family member or close relative of a director or professional employee is employed by a client in a key position, the incident must be reported and resolved in accordance with firm policy. In addition, our policies prohibit us from providing certain non-attest services that may be provided by Freed Maxick CPAs, P.C. and require audit clients to accept certain responsibilities in connection with the provision of permitted non-attest services.

The Audit Planning Process

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As part of obtaining an understanding of your business and its environment, we will obtain an understanding of your system of internal control. We will use this understanding to identify risks of material misstatement, which will provide us with a basis for designing and implementing responses to the assessed risks of material misstatement. We will also obtain an understanding of the users of the financial statements in order to establish an overall materiality level for audit purposes. We will conduct formal discussions among engagement team members to consider how and where your financial statements might be susceptible to material misstatement due to fraud or error.

The Concept of Materiality in Planning and Executing the Audits

We apply the concept of materiality in both planning and performing the audits; evaluating the effect of identified misstatements on the audits and the effect of uncorrected misstatements, if any, on the financial statements; and forming the opinion in our reports. Our determination of materiality is a matter of professional judgment and is affected by our perception of the financial information needs of users of the financial statements. We establish performance materiality at an amount less than materiality for the financial statements as a whole to allow for the risk of misstatements that may not be detected by the audits. We use performance materiality for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. Our assessment of materiality throughout the audits will be based on both quantitative and qualitative considerations. Because of the interaction of quantitative and qualitative considerations, misstatements of a relatively small amount could have a material effect on the current financial statements as well as financial statements of future periods. We will accumulate misstatements identified during the audit, other than those that are clearly trivial. At the end of the audit, we will inform you of all individual uncorrected misstatements aggregated by us in connection with our evaluation of our audit test results.

Significant Risks of Material Misstatement

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Risk Name	Risk Description	Planned Response
Management override of controls	There is a risk that controls could be circumvented to commit fraud.	Freed Maxick will perform journal entry testing and perform fraud inquiries with various individuals.
Fraudulent Revenue recognition	There is a risk that revenue could be recorded in the wrong amount or the wrong period to manipulate financial results.	Freed Maxick will perform journal entry testing with a focus on revenue transactions. Freed Maxick will also perform disaggregate analytics over revenue, as well as revenue testing.

Our Approach to Understanding Your System of Internal Control

Our audit of the financial statements will include obtaining an understanding of internal control sufficient to plan the audit and determine the nature, timing and extent of audit procedures to be performed. A financial statement audit is not designed to provide assurance on internal control or identify significant deficiencies or material weaknesses. Our review and understanding of 683 Northland LLC and 683 Northland Master Tenant, LLC's internal control is not undertaken for the purpose of expressing an opinion on the effectiveness of internal control.

Timing of the Audit

We have scheduled planning work for the week of November 13th, 2023 and year end field work for the week of February 12th, 2024. Management's adherence to its closing schedule and timely completion of information used by us in performance of the audit is essential to timely completion of the audit.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to 683 Northland LLC and 683 Northland Master Tenant, LLC.

This communication is intended solely for the information and use of the Managing Member and is not intended to be, and should not be, used by anyone other than this specified party.

Freed Maxick CPAs, P.C.



Barbara A. Danner, CPA
Director

Buffalo Urban Development Corporation

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Item 4

MEMORANDUM

TO: BUDC Audit and Finance Committee

FROM: Rebecca Gandour, Executive Vice President

RE: 683 Northland Avenue – Extension of KeyBank Line of Credit

DATE: December 14, 2023

As the Committee is aware, 683 Northland LLC obtained a \$1,000,000 line of credit through KeyBank as part of the project financing for the 683 Northland project. The current balance on the line of credit is approximately \$600,000 and expires as of December 31, 2023. BUDC will use a portion of its RECAP grant award from Empire State Development to pay off this line of credit, as a portion of the grant award includes an allocation for cost recovery related to the 683 Northland project. These grant funds will not be available to pay off the line of credit by December 31st.

Over the past several weeks, BUDC staff has been in discussions with KeyBank regarding an extension of the line of credit. As a result of those discussions, KeyBank has authorized a 90-day extension of the line of credit through March 31, 2024. BUDC has not yet received a term sheet or loan documents from KeyBank to memorialize this extension, but it is anticipated that the extension will be based upon the same terms as the current line of credit.

Action:

We are requesting that the Audit & Finance Committee recommend that the Board of Directors: (i) approve a ninety (90) day extension of the term for the KeyBank line of credit; and (ii) authorize the President or Executive Vice President to execute and deliver such agreements and documents and to take such actions on behalf of 683 Northland LLC, BUDC, and 683 WTC, LLC as may be reasonably necessary or appropriate to implement this action.

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

Buffalo Urban Development Corporation

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Item 5

MEMORANDUM

TO: BUDC Audit & Finance Committee
FROM: Mollie Profic, Treasurer
SUBJECT: 683 Northland Project Phase II - Inter-Company Transactions
DATE: December 14, 2023

BUDC is the 95% owner of the 683 Northland project through its wholly owned subsidiary company, 683 WTC, LLC. The remaining 5% owner is Buffalo Brownfield Restoration Corporation, which owns its project interest through its wholly owned subsidiary company, BBRC Land Company I, LLC. The organizational chart attached to the memorandum shows this ownership structure, which was a requirement of the investors in the project.

As part of the tax credits transaction, BUDC used a portion of grants proceeds made available for the project to make a donation to BBRC. BBRC used the donated proceeds to make a loan to BBRC Land Company I, LLC, which was then used those loaned proceeds to make a capital contribution to 683 Northland LLC to facilitate the rehabilitation of the project.

This donation is documented by a Subrecipient Agreement between BUDC and BBRC, pursuant to which BUDC agreed to grant to BBRC up to 5% of the proceeds it received from various grant sources (“Grants”) (the “BUDC Grant”). The BUDC Grant was then used by BBRC to make a loan to BBRC Land Company I, LLC. This loan was documented by a promissory note and executed by BBRC Land Company I, LLC in favor of BBRC.

The remaining 95% of the proceeds from the Grants were contributed by BUDC to its wholly-owned subsidiary, 683 WTC, LLC in the form of a loan. This loan was documented by a promissory note and executed by 683 WTC, LLC in favor of BUDC.

A series of modifications were made to the Phase II loan documents, most recently authorized at the November 24, 2020 BUDC Board of Directors meeting. These modifications were needed at the time as a result of timing issues related to the original funding projections, as exacerbated by the Covid-19 pandemic. At the November 24, 2020 meeting, the BUDC Board of Directors approved the following:

Hon. Byron W. Brown, Board Chair • Dennis Penman, Vice Chair • Peter M. Cammarata, President • David A. Stebbins, Executive Vice President
Mollie Profic, Treasurer • Bradley Bach, Assistant Treasurer • Kevin J. Zanner, Secretary • Brandy Merriweather, Vice President

1. An amended subrecipient agreement between BUDC and BBRC for grant funding to BBRC (the “Phase II Subrecipient Agreement”), which increased the amount of the Phase II Subrecipient Agreement by \$179,000.00 (from \$1,250,000.00 to \$1,429,000.00); and
2. An amended promissory note from 683 WTC, LLC to BUDC (the “Phase II Promissory Note”), which increased the amount of the Phase II Promissory Note by \$3,392,000.00 (from \$23,750,000.00 to \$27,142,000.00).

At its October 31, 2023 meeting, the BUDC Board of Directors accepted the 55 million-dollar RECAP grant award from Empire State Development. A portion of this grant award includes an allocation for cost recovery related to the 683 Northland project. Once available, BUDC will use a portion of this allocation to pay off its outstanding line of credit with KeyBank, which presently has a principal balance of \$600,000.00. Since the line of credit is in the name of 683 Northland LLC, further modifications are needed to the Phase II Subrecipient Agreement and Phase II Promissory Note so that the cost recovery funds flow through the tax credits model.

The modifications necessary are as follows:

1. Increase Phase II Subrecipient Agreement amount by \$30,000 (from \$1,429,000 to \$1,459,000)
2. Increase the Phase II Promissory Note amount by \$570,000 (from \$27,142,000 to \$27,712,000)

Action:

We are requesting that the Audit & Finance Committee recommend that the BUDC Board of Directors: (i) approve an amendment to the Phase II Subrecipient Agreement between BUDC and BBRC to increase the grant to BBRC by an amount not-to-exceed \$30,000.00; (ii) approve an amendment to the Phase II Promissory Note to increase the principal balance of the note by the not-to-exceed amount of \$570,000.00; and (iii) authorize the President or Executive Vice President of BUDC to execute these amendments and such other documents on behalf of BUDC and 683 WTC, LLC, and to take such other actions as are necessary and appropriate to implement this authorization.

Buffalo Urban Development Corporation

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Item 7

MEMORANDUM

TO: BUDC Audit and Finance Committee

FROM: Rebecca Gandour, Executive Vice President

RE: 2024 Cammarata Consulting, LLC Agreement

DATE: December 14, 2023

Since 2020, Cammarata Consulting, LLC has provided consulting services to BUDC. BUDC is looking to continue these services, which will include assisting BUDC staff with the management of ongoing real estate management and tenant issues along the Northland Corridor, land sales at Buffalo Lakeside Commerce Park, the Northland Central Phase I HVAC litigation, BUDC corporate matters and other mutually agreed upon services. The consulting fee rate is \$100.00 per hour, which is the same rate agreed to in the initial consulting agreement. Total payments are not expected to exceed \$15,000.

The BUDC procurement policy authorizes the Audit & Finance Committee to approve contracts that do not exceed the amount of \$25,000, provided that the amount is within budgetary limits as confirmed by the BUDC Treasurer. Should the Committee approve this request, BUDC staff will report on the approval at the December meeting of the BUDC Board of Directors.

ACTION:

I am requesting that the BUDC Audit and Finance Committee approve BUDC entering into a consulting agreement with Cammarata Consulting, LLC at an hourly rate of \$100.00 per hour, with total payments not to exceed \$15,000 and authorize the President or Executive Vice President to execute the consulting agreement and take such actions as may be necessary to implement this action.

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

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Item 8

MEMORANDUM

TO: BUDC Audit and Finance Committee
FROM: Rebecca Gandour, Executive Vice President
RE: 2024 Bisonwing Planning and Development, LLC Agreement
DATE: December 14, 2023

Since 2020, Bisonwing Planning and Development, LLC has provided consulting services to BUDC. BUDC is looking to continue these services which will include assisting BUDC staff with current grants, such as Build Back Better Challenge, Restore NY and National Grid, management of the Ralph Wilson Park project, implementation of the Northland Community Solar and Microgrid project, ongoing management and compliance for 683 Northland finance and tax credit obligations, and other mutually agreed upon services. The consulting fee rate is \$100.00 per hour, which is the same rate agreed to in the initial consulting agreement. Total payments are not expected to exceed \$15,000.

The BUDC procurement policy authorizes the Audit & Finance Committee to approve contracts that do not exceed the amount of \$25,000, provided that the amount is within budgetary limits as confirmed by the BUDC Treasurer. Should the Committee approve this request, BUDC staff will report on the approval at the December meeting of the BUDC Board of Directors.

ACTION:

I am requesting that the BUDC Audit and Finance Committee approve BUDC entering into a consulting agreement with Bisonwing Planning and Development, LLC at an hourly rate of \$100.00 per hour, with total payments not to exceed \$15,000 and authorize the President or Executive Vice President to execute the consulting agreement and take such actions as may be necessary to implement this action.

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