

Buffalo Urban Development Corporation

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Buffalo Urban Development Corporation

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Buffalo Urban Development Corporation

Board of Directors Meeting

Date: Tuesday, February 27, 2024

Time: 12:00 noon

*New Location: BUDC Offices, 95 Perry Street – 4th Floor
Vista Room*

1.0 CALL TO ORDER

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

3.0 MONTHLY FINANCIAL REPORTS

3.1 683 Northland Master Tenant, LLC Financial Statements *(Information)(Handout to be Distributed)*

3.2 BUDC Consolidated Financial Statements *(Action)(Handout to Be Distributed)*

4.0 NEW BUSINESS

4.1 Appointment of Christopher Scanlon to BUDC Downtown Committee *(Action)*

4.2 Ralph Wilson Park – Ralph Wilson Foundation Grant #10 *(Action)(Enclosure)*

4.3 Ralph Wilson Park – 9th Amendment to BUDC-COB-Wilson Subgrant Agreement
(Action)(Enclosure)

4.4 Ralph Wilson Park - MVVA Contract Amendment No. 13 *(Action)(Enclosure)*

4.5 BUDC Acceptance of Funds from City of Buffalo for Seawall Design *(Action)(Enclosure)*

4.6 Northland Corridor Project -714 Northland Mortgage Payoff *(Action)(Enclosure)*

4.7 Northland Corridor – BUDC-ESD NWTC 2016 Lease MOU *(Action)(Enclosure)*

4.8 Northland Corridor Project Update *(Information)*

4.9 Ralph Wilson Park Project Update *(Information)*

4.10 Buffalo's Race For Place Project Update *(Information)*

4.11 Buffalo Lakeside Commerce Park Project Update *(Information)*

5.0 LATE FILES

6.0 TABLED ITEMS

7.0 EXECUTIVE SESSION

8.0 ADJOURNMENT *(Action)*

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

**Buffalo Manufacturing Works @ Northland Workforce Training Center
683 Northland Avenue
Buffalo, New York
January 30, 2024
12:00 p.m.**

Directors Present:

Scott Bylewski
Daniel Castle
Janique S. Curry
Dennis W. Elsenbeck
Darby Fishkin
Elizabeth Holden
Thomas A. Kucharski
Nathan Marton
Brendan R. Mehaffy
Kimberley A. Minkel
David J. Nasca
Dennis M. Penman (Vice Chair)

Directors Absent:

Catherine Amdur
Mayor Byron W. Brown (Chair)
Trina Burruss
Dottie Gallagher
Thomas Halligan
Christopher P. Scanlon
Karen Utz

Officers Present:

Brandy Merriweather, President
Rebecca Gandour, Executive Vice President
Mollie Profic, Treasurer
Kevin J. Zanner, Secretary

Guests Present: Jonathan Epstein, *The Buffalo News*; Alexis M. Florczak, Hurwitz Fine P.C.; Kelly Maloney, Gilbane Building Company; Antonio Parker, BUDC Project Manager; and Angelo Rhodes, Northland Project Manager.

- 1.0 Roll Call** – The meeting was called to order at 12:08 p.m. by the Vice Chair. The Secretary called the roll and a quorum of the Board was determined to be present. Agenda item 4.1 was presented following the presentation of agenda items 4.2 and 4.3. Mr. Kucharski and Ms. Curry joined the meeting during the presentation of agenda item 4.3. Ms. Fishkin left the meeting prior to the presentation of agenda item 4.1 and rejoined the meeting during the presentation of agenda item 4.4. Mr. Mehaffy and Mr. Marton left the meeting during the presentation of agenda item 4.4.
- 2.0 Approval of Minutes – December 19, 2023 Meeting** – The minutes of the December 19, 2023 meeting of the Board of Directors were presented. Mr. Elsenbeck made a motion to approve the meeting minutes. The motion was seconded by Ms. Minkel and unanimously carried (10-0-0).

3.0 **Monthly Financial Reports**

3.1 Finance Update & Audit Plan for Year Ended December 31, 2023 – Ms. Profic reported that the 2023 year-end audit is underway. Freed Maxick presented the audit plan to the Audit & Finance Committee at the committee's December 14, 2023 meeting. Draft audited financial statements will be reviewed by the Audit & Finance Committee in March before being presented to the BUDC Board of Directors later that month.

4.0 **New Business**

4.1 Northland Corridor – Northland Property Management and Leasing – Ms. Gandour presented her January 30, 2024 memorandum and a Board resolution regarding the proposed award of a contract for Northland Corridor property management and leasing services to Comvest & CBRE. Ms. Gandour explained the process undertaken by BUDC to solicit proposals, including the establishment of a selection committee to review proposals and interview firms. The recommendation of the Real Estate Committee, subject to the Board addressing the conflict-of-interest issue outlined in the Board memorandum and the Board resolution, is to award the contract for property management and leasing services to the Comvest & CBRE team. Ms. Merriweather commented that when the selection team was evaluating proposals, the Comvest & CBRE team stood out due to offering the lowest price for property management services, and it also demonstrated the best understanding of Northland as an economic driver and catalyst for the surrounding neighborhood. Ms. Merriweather also noted that the selection committee sought to bring in a team with a regional and national reach and a robust network to best position Northland for continued growth and success. Following the presentation, the Board addressed the conflict-of-interest issue. Mr. Castle asked whether awarding work to a company whose representative also sits on the BUDC Board would establish a precedent. Mr. Zanner responded that he was aware of at least one other instance where a BUDC Board member was retained to perform services for BUDC, specifically, former BUDC Board member Craig Slater. Mr. Kucharski explained the process undertaken by the Governance Committee to initially evaluate the conflict-of-interest issue. Mr. Mehaffy commented that BUDC's conflict of interest policy is in place to ensure that there is a process for this type of circumstance. In response to a question from Mr. Nasca, Ms. Gandour stated that BUDC solicited proposals for the work because of Tom Mancuso's pending retirement. At the end of the discussion, Mr. Mehaffy made a motion to approve the resolution attached to Ms. Gandour's January 30, 2024 memorandum to authorize BUDC to enter into property management and leasing services agreement with Comvest & CBRE. The motion was seconded by Mr. Marton and unanimously carried (11-0-0). A copy of the resolution is attached to these minutes as Exhibit A. Ms. Fishkin was not present for the presentation or the vote on this item.

4.2 Ralph Wilson Park – 8th Amendment to BUDC-COB Wilson Foundation Subgrant Agreement – Mr. Parker presented his January 30, 2024 memorandum regarding the proposed 8th amendment to the BUDC-City of Buffalo subgrant agreement. Mr. Nasca made a motion to: (i) approve the eighth amendment to the BUDC-City of Buffalo subgrant agreement allowing BUDC to transfer up to \$350,000.00 from Wilson Grant 6 to the City of Buffalo for Phase 1 construction-related inspection work at Ralph Wilson Park; and (ii) authorize the BUDC President or Executive Vice President to execute the eighth amendment to the subgrant agreement and take such other actions as are necessary to implement this authorization. The motion was seconded by Ms. Holden and unanimously carried (10-0-0).

4.3 Ralph Wilson Park Project Update – Ms. Maloney presented an update regarding the Ralph Wilson Park project. Progress has been made on reconstruction of the shoreline. Work is currently on hold due to the weather but is expected to resume in one to two weeks. Bridge pile installation has commenced and is expected to be complete within three to four weeks. Pedestrian bridge erection plans were recently approved and the bridge is targeted for installation in October 2024. Phase 1B of construction has been placed out to bid, which includes landscaping, roads and pathways, and metalwork for the sports fields and railings.

4.4 Northland Corridor Project Update – Mr. Rhodes presented an update regarding the Northland Corridor. The property management team is waiting on cost estimates for parking lot fences and gates to be placed between Buffalo Manufacturing Works and 631 Northland, and in the south parking lot near Retech. Site plans for the Phase 3 redevelopment project have been submitted to the City of Buffalo Office of Strategic Planning for review and comment and will be reviewed by the Planning Board at its February 12th meeting. BUDC and LaBella met last week to discuss value engineering for the project, and BUDC continues to work with the EDA regarding equipment procurement for the substation. With respect to the 631 Northland project, BUDC has been meeting with Wendel as part of the consultant’s immersion process. An immersion session with Wendel will commence immediately following the Board meeting, and Board members are invited to participate. Ms. Merriweather also reported that BUDC is working with Sandy White and Mustard Seed Consulting to market and highlight the campus.

4.5 Buffalo’s Race for Place Project Update – Ms. Merriweather presented an update regarding Buffalo’s Race for Place. Work on the Downtown Waterfront Improvement Plan is wrapping up, with final drafts of the plan circulated to City departments. The completed plan will be released on February 2nd and coordination with City departments is taking place to develop an implementation strategy. The first project to be implemented will occur around Erie Basin Marina, following a ten million dollar commitment from New York State. BUDC is also working with the City of Buffalo on a PILOT increment financing structure to help generate additional revenue for infrastructure improvements. Waterfront coordination efforts are ongoing. Ms. Merriweather also reported that BUDC, the Mayor’s Office, the City of Buffalo Diversity Office and Buffalo Place are working together on Black History Month programming to highlight Black-owned businesses downtown. A Black Business Expo will be held at the end of February at Seneca One Tower. Planning for the spring outdoor edition of Queen City Pop-Up will begin soon.

4.6 Buffalo Lakeside Commerce Park Project Update – Ms. Gandour presented an update regarding Buffalo Lakeside Commerce Park. RAS Development is current with its exclusivity agreement obligations for 193 Ship Canal Parkway. The developer is in discussions regarding a potential cold storage facility for the site, is exploring potential joint venture and financing opportunities, and is working with an environmental consultant. The BLCP Property Owners Association membership and Board met on January 22nd. Discussions regarding possible modifications to manner in which assessments are to be calculated for the solar field are ongoing, and POA members asked Uniland to prepare a written proposal. Ms. Merriweather provided an update on M/WBE compliance for the Zephyr project. The monitoring consultant, Landon & Rian, determined that Zephyr achieved its WBE goals for the first phase of the project but not the MBE goals. Landon & Rian is working with Zephyr to identify areas of remaining work to improve these figures. However, as most of the work has been completed for the first phase, the MBE goals for phase 1 of the project are not anticipated to be met. The Board discussed capacity challenges for MBE and WBE firms due to demand for M/WBE firms on other large-scale construction projects in WNY.

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 January 30, 2024 meeting of the Board of Directors was adjourned at 1:00 p.m.

Respectfully submitted,

Kevin J. Zanner, Secretary

Exhibit A

Board Resolution

See attached.

**RESOLUTIONS OF THE BOARD OF DIRECTORS OF
BUFFALO URBAN DEVELOPMENT CORPORATION.**

WHEREAS, BUDC issued a Request for Proposals (RFP) for property management and leasing services for the Northland Corridor, in accordance with its procurement policy; and

WHEREAS, proposals from six (6) property management and leasing firms were received in response to the RFP, which were reviewed and evaluated based upon set criteria by a selection committee comprised of representatives from BUDC and the City of Buffalo; and

WHEREAS, four (4) firms were selected for interviews with the selection committee, and following these interviews, the selection committee narrowed the firms under consideration to Comvest Real Estate Management & CBRE and TM Montante & Pyramid Brokerage; and

WHEREAS, at its January 22, 2024 Real Estate Committee meeting, the Committee recommended that BUDC and its affiliated entities that own real property in the Northland Corridor enter into an agreement with Comvest Real Estate Management & CBRE ("Comvest & CBRE") for property management and leasing services for an initial term of three (3) years with two one-year renewal options that BUDC may exercise in its sole discretion, for an amount not to exceed \$178,740.00 for property management services during the first contract year, and a six percent (6%) commission to CBRE on leases procured in the Northland Corridor (the "Proposed Transaction"); and

WHEREAS, the Committee's recommendation was contingent upon the BUDC Board of Directors' review of the transaction under BUDC's conflict of interest policy; and

WHEREAS, the Proposed Transaction constitutes a Related Party Transaction as BUDC Board Member Darby Fishkin is the President of Comvest and Chief Operating Officer of CBRE Upstate NY; and

WHEREAS, in order to proceed with a Related Party Transaction, the BUDC Board of Directors is required to determine that the transaction is fair, reasonable, and in BUDC's best interest, and that the Board has considered alternatives to the extent available.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE BUFFALO URBAN DEVELOPMENT CORPORATION AS FOLLOWS:

Section 1. The BUDC Board of Directors hereby determines that the Proposed Transaction is a Related Party Transaction and is fair, reasonable, and in BUDC's best interest. The BUDC Board of Directors finds that, through the RFP process and evaluation of the responding firms by its selection committee, BUDC has considered alternative property management and leasing firms for services in the Northland corridor. After considering such alternatives, it is in BUDC's best interest to proceed with entering into an agreement with Comvest & CBRE.

Section 2. BUDC and its affiliated entities are authorized to enter into an agreement with Comvest & CBRE for property management and leasing services upon terms described in this Resolution.

Section 3. The President and Executive Vice President are each hereby authorized, on behalf of BUDC and its affiliated entities to execute the agreement with Comvest & CBRE and to take such other actions as may be necessary or appropriate to implement the foregoing Resolutions.

Section 4. These Resolutions shall take effect immediately.

Dated: January 30, 2024

683 Northland Master Tenant, LLC

Financial Statements

January 31, 2024

(Unaudited)

683 NORTHLAND MASTER TENANT, LLC
Balance Sheet

ASSETS	January 2024	December 2023	December 2022
Current assets:			
Cash	\$ 487,423	\$ 518,270	\$ 486,590
Tenant receivable	72,684	26,512	42,206
Prepaid expenses	<u>108,535</u>	<u>117,269</u>	<u>115,882</u>
Total current assets	668,642	662,052	644,678
Prepaid rent - sublessee	539,712	535,596	483,394
Prepaid leasing commission	188,468	190,936	188,616
Tenant security deposits	79,965	79,908	84,894
Cash reserves	349,558	349,306	356,575
Equipment, net	23,162	23,162	19,869
Right of use asset - Master Lease Agreement	<u>26,526,110</u>	<u>26,671,582</u>	<u>28,430,126</u>
Total assets	<u>\$ 28,375,617</u>	<u>\$ 28,512,542</u>	<u>\$ 30,208,152</u>
 LIABILITIES & MEMBERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 76,996	\$ 85,937	\$ 130,895
Due to related parties	<u>254,935</u>	<u>254,935</u>	<u>254,935</u>
Total current liabilities	331,931	340,872	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	7,367,728	7,399,167	7,736,986
Deferred operating lease liability - sublessee	4,998,601	5,044,691	5,637,433
Distribution payable - priority return	<u>257,904</u>	<u>257,904</u>	<u>238,207</u>
Total noncurrent liabilities	12,836,442	12,913,970	13,829,835
MEMBERS' EQUITY	15,207,244	15,257,700	15,992,487
Total liabilities and net position	<u>\$ 28,375,617</u>	<u>\$ 28,512,542</u>	<u>\$ 30,208,152</u>

683 NORTHLAND MASTER TENANT, LLC
Income Statement

Year-to-Date For the Period Ended:

	<u>January 2024</u>	<u>December 2023</u>	<u>December 2022</u>
Revenues:			
Lease revenue	\$ 123,111	\$ 1,445,436	\$ 1,466,335
Additional lease revenue	63,814	752,072	753,037
Interest and other revenue	680	7,033	1,372
Total revenues	<u>187,605</u>	<u>2,204,541</u>	<u>2,220,744</u>
Expenses:			
Lease expense	158,037	1,913,148	1,879,742
Payroll	14,267	155,609	143,808
Utilities expense	22,831	28,115	85,089
Insurance expense	11,157	127,632	122,769
Professional fees	3,802	81,054	77,936
Property management fee	5,955	69,719	70,520
Real estate taxes	4,583	25,914	20,398
Repairs and maintenance	17,430	263,437	286,011
Asset management fee	-	10,000	10,000
Miscellaneous expense	0	347	318
Depreciation expense	-	6,448	5,056
Total expenses	<u>238,061</u>	<u>2,681,424</u>	<u>2,701,647</u>
Net loss	(50,456)	(476,883)	(480,903)
Members' equity - beginning of period	<u>15,257,700</u>	<u>15,992,487</u>	<u>14,578,450</u>
Change in members' equity	(50,456)	(476,883)	(480,903)
Members' capital contributions	-	-	2,091,098
Distributions	-	(257,904)	(196,158)
Members' equity - end of period	<u>\$ 15,207,244</u>	<u>\$ 15,257,700</u>	<u>\$ 15,992,487</u>

683 NORTHLAND MASTER TENANT, LLC
Statement of Cash Flows

Year-to-Date For the Period Ended:

	<u>January 2023</u>	<u>December 2023</u>	<u>December 2022</u>
Cash flows from operating activities:			
Net loss	\$ (50,456)	\$ (476,883)	\$ (480,903)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	-	6,448	5,056
Decrease (increase) in assets:			
Tenant receivables	(46,172)	15,694	32,479
Prepaid insurance	8,735	(1,387)	(9,220)
Accrued rental income	(4,116)	(52,202)	(57,085)
Prepaid leasing commission	2,468	(2,320)	29,322
Right of use asset - Master Lease Agreement	114,033	1,420,725	1,395,256
Increase (decrease) in liabilities:			
Security deposit liability	-	(5,000)	(4)
Accounts payable	(8,941)	(44,958)	(13,655)
Deferred operating lease liability - sublessee	(46,090)	(592,742)	(513,406)
Net cash provided (used) by operating activities	<u>(30,537)</u>	<u>267,374</u>	<u>387,840</u>
Cash flows from investing activities:			
Equipment purchases	-	(9,741)	(18,390)
Net cash used by investing activities	<u>-</u>	<u>(9,741)</u>	<u>(18,390)</u>
Cash flows from financing activities:			
Members' contributions	-	-	2,091,098
Distributions	-	(238,207)	(221,892)
Payments of prepaid rent under Master Lease Agreement	-	-	(1,869,206)
Net cash provided by financing activities	<u>-</u>	<u>(238,207)</u>	<u>-</u>
Net increase (decrease) in cash	(30,537)	19,426	369,450
Cash and restricted cash - beginning of period	<u>947,484</u>	<u>928,059</u>	<u>558,609</u>
Cash and restricted cash - end of period	<u>\$ 916,947</u>	<u>\$ 947,484</u>	<u>\$ 928,059</u>

683 NORTHLAND MASTER TENANT, LLC
Budget to Actual Comparison

	YTD January 2023	YTD Budget 2024	Variance
Revenues:			
Lease revenue	\$ 123,111	\$ 122,667	\$ 445
Additional lease revenue	63,814	65,000	(1,186)
Interest and other revenue	680	21	659
Total revenues	<u>187,605</u>	<u>187,688</u>	<u>(82)</u>
Expenses:			
Lease expense	158,037	158,037	-
Payroll	14,267	14,480	(213)
Utilities	22,831	4,167	18,664
Insurance	11,157	11,500	(343)
Professional fees	3,802	6,250	(2,448)
Property management fee	5,955	6,167	(212)
Real estate taxes	4,583	2,750	1,833
Repairs and maintenance	17,430	24,636	(7,206)
Asset management fee	-	-	-
Miscellaneous	0	266	(265)
Depreciation	-	-	-
Total expenses	<u>238,061</u>	<u>228,252</u>	<u>9,809</u>
Net income (loss)	\$ (50,456)	\$ (40,564)	\$ (9,891)

Budget variances:

- Utility costs are above budget because of timing difference.
- Repairs and maintenance includes building automation system costs, snow removal and landscaping.

Buffalo Urban Development Corporation
Consolidated Financial Statements
January 31, 2024
(Unaudited)

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

	January 2024	December 2023
ASSETS		
Current assets:		
Cash	\$ 13,295,277	\$ 13,312,659
Restricted cash	3,691,569	3,689,998
Grants receivable	89,019,565	89,350,024
Other current assets	5,761,849	6,275,172
Total current assets	<u>111,768,260</u>	<u>112,627,854</u>
Noncurrent assets:		
Loans receivable	9,666,400	9,666,400
Equity investment	178,051	178,051
Capital assets, net	100,653,655	100,953,655
Land and improvement held for sale, net	788,212	788,212
Total noncurrent assets	<u>111,286,317</u>	<u>111,586,317</u>
Total assets	<u>\$ 223,054,577</u>	<u>\$ 224,214,171</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 423,016	\$ 1,054,090
Lines of credit	540,000	570,000
Loans payable, current	369,750	369,750
Unearned grant revenue	104,298,391	104,383,474
Total current liabilities	<u>105,631,157</u>	<u>106,377,314</u>
Deferred rent liability	19,159,772	19,272,413
Loans payable, noncurrent	13,730,000	13,730,000
Total noncurrent liabilities	<u>32,889,772</u>	<u>33,002,413</u>
NET POSITION		
Net investment in capital assets	87,342,116	87,642,116
Restricted	3,188,683	3,188,683
Unrestricted	(5,997,150)	(5,996,356)
Total net position	<u>84,533,649</u>	<u>84,834,443</u>
Total liabilities and net position	<u>\$ 223,054,577</u>	<u>\$ 224,214,171</u>

Balance Sheet Notes:

- Grants receivable decreased due to receipt of grant funds.
- Capital assets decrease is due to monthly depreciation expense.
- Accounts payable/accrued expenses decreased due to payment of consultant invoices for various projects.
- Lines of credit: balances at end of November are BUDC: \$0 ; 683 Northland: \$600,000. 683 Northland took no advances during the month and BUDC's line is currently paid down.

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

	<u>January</u> <u>2024</u>	<u>December</u> <u>2023</u>
Operating revenues:		
Grant revenue	\$ 185,084	\$ 31,596,676
Brownfield funds	-	35,823
Loan interest and commitment fees	8,055	618,537
Rental and other revenue	164,258	2,951,471
Proceeds from sale of land, net	-	-
Total operating revenues	<u>357,397</u>	<u>35,202,507</u>
Operating expenses:		
Development costs	207,876	30,893,063
Adjustment to net realizable value	1,150	73,462
Salaries and benefits	45,656	440,560
General and administrative	100,551	1,793,231
Management fee	9,500	87,262
Depreciation	300,000	4,138,093
Total operating expenses	<u>664,733</u>	<u>37,425,670</u>
Operating income (loss)	(307,336)	(2,223,163)
Non-operating revenues (expenses):		
Loss on disposal	-	-
Interest expense	(6,360)	(719,644)
Interest income	12,901	149,611
Other income	-	(13,420)
Total non-operating revenues (expenses)	<u>6,541</u>	<u>(583,454)</u>
Change in net position	(300,795)	(2,806,617)
Net position - beginning of period	<u>84,834,444</u>	<u>87,598,749</u>
Capital contributions, net of distributions	-	42,311
Net position - end of period	<u>\$ 84,533,649</u>	<u>\$ 84,834,444</u>

BUFFALO URBAN DEVELOPMENT CORPORATION
Consolidating Statement of Net Position
January 31, 2024 (Unaudited)

	Buffalo Urban Development Corporation	683 WTC, LLC	683 Northland LLC	Eliminations (1)	Total
ASSETS					
Current assets:					
Cash	\$ 13,261,078	\$ 60	\$ 34,140	\$ -	\$ 13,295,277
Restricted cash	3,548,899	-	142,670	-	3,691,569
Grants receivable	89,019,565	-	-	-	89,019,565
Other current assets	8,169,555	28,833	132,359	(2,568,897)	5,761,849
Total current assets	113,999,096	28,893	309,168	(2,568,897)	111,768,260
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	8,687,013	-	91,966,641	-	100,653,655
Land and improvement held for sale, net	788,212	-	-	-	788,212
Total noncurrent assets	71,328,904	67,097,964	91,966,641	(119,107,192)	111,286,317
Total assets	\$ 185,328,000	\$ 67,126,857	\$ 92,275,810	\$ (121,676,089)	\$ 223,054,577
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expense	\$ 419,164	\$ 2,568,897	\$ 3,852	(2,568,897)	(1)\$ 423,016
Line of credit	-	-	540,000	-	540,000
Loans payable, current	369,750	-	-	-	369,750
Unearned grant revenue	104,298,391	-	-	-	104,298,391
Total liabilities	105,087,304	2,568,897	543,852	(2,568,897)	105,631,157
Noncurrent liabilities:					
Deferred rent liability	-	-	19,159,772	-	19,159,772
Loans payable, noncurrent	-	52,187,279	13,730,000	(52,187,279)	13,730,000
Total noncurrent liabilities	-	52,187,279	32,889,772	(52,187,279)	32,889,772
NET POSITION					
Net investment in capital assets	9,105,475	-	78,236,641	-	87,342,116
Restricted	3,188,683	-	-	-	3,188,683
Unrestricted	67,946,538	12,370,681	(19,394,456)	(66,919,913)	(5,997,150)
Total net position	80,240,695	12,370,681	58,842,185	(66,919,913)	84,533,649
Total liabilities and net position	\$ 185,328,000	\$ 67,126,857	\$ 92,275,810	\$ (121,676,089)	\$ 223,054,577

(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: January 31, 2024 (Unaudited)

	Buffalo Urban Development Corporation	683 WTC, LLC	683 Northland LLC	Eliminations (1)	Total
Operating revenues:					
Grant revenue	\$ 185,084	\$ -	\$ -	\$ -	\$ 185,084
Brownfield funds	-	-	-	-	-
Loan interest and commitment fees	8,055	-	-	-	8,055
Rental and other revenue	7,613	-	156,645	-	164,258
Proceeds from land sales, net	-	-	-	-	-
Total operating revenue	<u>200,752</u>	<u>-</u>	<u>156,645</u>	<u>-</u>	<u>357,397</u>
Operating expenses:					
Development costs	207,876	-	-	-	207,876
Adjustment to net realizable value	1,150	-	-	-	1,150
Salaries and benefits	45,656	-	-	-	45,656
General and administrative	100,449	-	102	-	100,551
Management fee	9,500	-	-	-	9,500
Depreciation	-	-	300,000	-	300,000
Total operating expenses	<u>364,631</u>	<u>-</u>	<u>300,102</u>	<u>-</u>	<u>664,733</u>
Operating income	(163,879)	-	(143,457)	-	(307,336)
Non-operating revenues (expenses):					
Interest expense	(2,508)	-	(3,852)	-	(6,360)
Interest income	12,875	0	26	-	12,901
Other income/expenses	-	-	-	-	-
Total non-operating revenues (expenses)	<u>10,367</u>	<u>0</u>	<u>(3,826)</u>	<u>-</u>	<u>6,541</u>
Change in net position	(153,512)	0	(147,283)	-	(300,795)
Net position - beginning of year	80,394,207	12,370,681	58,989,468	(66,919,913) (1)	84,834,443
Capital contributions, net of distributions	-	-	-	-	-
Net position - end of period	<u>\$ 80,240,695</u>	<u>\$ 12,370,681</u>	<u>\$ 58,942,185</u>	<u>\$ (66,919,913)</u>	<u>\$ 84,533,649</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: January 31, 2024 (Unaudited)

	YTD January 2024	YTD Budget 2023	Variance
Operating revenues:			
Grant revenue	\$ 185,084	\$ 1,662,667	\$ (1,477,583)
Brownfield funds	-	3,833	(3,833)
Loan interest and commitment fees	8,055	8,055	(0)
Rental and other revenue	164,258	174,863	(10,605)
Proceeds from land sales, net	-	(5,875)	5,875
Total operating revenues	<u>357,397</u>	<u>1,843,544</u>	<u>(1,486,146)</u>
Operating expenses:			
Development costs	207,876	1,049,531	(841,655)
Adjustment to net realizable value	1,150	-	1,150
Salaries and benefits	45,656	42,447	3,209
General and administrative	100,551	111,955	(11,404)
Management fee	9,500	9,500	-
Depreciation	300,000	340,083	(40,083)
Total operating expenses	<u>664,733</u>	<u>1,553,517</u>	<u>(888,784)</u>
Operating income (loss)	(307,336)	290,027	(597,362)
Non-operating revenues (expenses):			
Interest expense	(6,360)	(17,623)	11,262
Interest income	12,901	2,083	10,818
Other income/expenses	-	-	-
Total non-operating revenues (expenses)	<u>6,541</u>	<u>(15,540)</u>	<u>22,081</u>
Change in net position	\$ (300,795)	\$ 274,487	\$ (575,282)

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.
- 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.
- 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.

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Item 4.2

MEMORANDUM

TO: BUDC Board of Directors

FROM: Rebecca Gandour, Executive Vice President

SUBJECT: Ralph C. Wilson, Jr. Centennial Park – Ralph C. Wilson, Jr. Foundation Grant Agreement #10

DATE: February 27, 2024

On October 31, 2023, the BUDC Board of Directors accepted grant funding from the Ralph C. Wilson, Jr. Foundation (the “Wilson Foundation”) in the amount of \$14,000,000 to support the Phase 1 construction of Ralph Wilson Park.

Following the acceptance of those funds, BUDC submitted its tenth grant proposal (R-2310-13771) to the Wilson Foundation, which is BUDC’s third capacity grant request. On February 1, 2024, BUDC received the proposed grant agreement in the amount of \$3,260,000 from the Wilson Foundation to further support the capacity of the Ralph Wilson Park project team through 2025 (“Grant Agreement 10”).

Funding will be allocated as follows under Grant Agreement 10:

- \$100,000 to support the salaries of the BUDC Executive Vice President and Project Manager.
- \$110,000 to support BUDC’s administration of the construction project.
- \$117,000 which will be transferred to the City of Buffalo via an amendment to the BUDC-City of Buffalo subgrant agreement to support the City Engineer position.
- \$764,000 to extend BUDC’s existing contract with Gardiner & Theobald for an additional twelve (12) months.

The remaining funding in an amount up to \$2,169,000 is allocated towards BUDC’s agreement with Michael Van Valkenburgh Associates (MVVA) to support construction administration and quality control services of Phase 2 construction at Ralph Wilson Park. This funding from Grant Agreement 10 will satisfy a condition that was set forth in the 10th amendment to the BUDC-MVVA agreement, which required

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funding to be approved by the Wilson Foundation and accepted by BUDC prior to MVVA commencing any Phase 2 construction administration services under this amendment.

This item was reviewed with the BUDC Downtown Committee on February 21, 2024. Although no quorum was present, the Downtown Committee members present voiced support for this item to be advanced to the BUDC Board of Directors for approval.

ACTION:

I am requesting that the Board of Directors: (i) accept the \$3,260,000 grant award from the Wilson Foundation to support the capacity of the Ralph Wilson Park project team through the end of 2025 as outlined in this memorandum; and (ii) authorize the BUDC President or Executive Vice President to execute the grant agreement and undertake any other necessary or appropriate actions to implement this action.

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Item 4.3

MEMORANDUM

TO: BUDC Board of Directors

FROM: Rebecca Gandour, Executive Vice President

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

DATE: February 27, 2024

At its January 30, 2024 meeting, the BUDC Board of Directors approved the Eighth Amendment to the Ralph C. Wilson, Jr. Foundation Subgrant Agreement between BUDC and the City of Buffalo. This amendment facilitated the transfer of additional funds from the Ralph C. Wilson, Jr. Foundation (the “Wilson Foundation”) to support Phase 1 construction-related inspection work at Ralph C. Wilson, Jr. Centennial Park (“Ralph Wilson Park”).

As the project team progresses with construction at Ralph Wilson Park, an additional amendment to the subgrant agreement is needed. The ninth amendment will allow for the transfer of up to \$117,000 from Wilson Foundation Grant 10 to support the City Engineer position through 2025. The ninth amendment will also transfer up to \$300,000 in funding awarded from the Community Foundation of Southeast Michigan and accepted by BUDC to support Phase 1A of construction at Ralph Wilson Park (the “Community Foundation Subgrant”). This funding to be transferred to the City from Wilson Grant 10 and the Community Foundation represents the maximum amount of grant funds to be transferred and may be less than this amount as determined by the project team.

This item was reviewed with the BUDC Downtown Committee on February 21, 2024. Although no quorum was present, the Downtown Committee members present voiced support for this item to be advanced to the BUDC Board of Directors for approval.

ACTION:

I am requesting that the Board of Directors: (i) approve the Ninth Amendment to the BUDC-City of Buffalo subgrant agreement allowing BUDC to transfer up to \$117,000 from Wilson Grant 10 to support the City of Buffalo City Engineer position, and up to \$300,000 from the Community Foundation of Southeast Michigan to support Phase 1A construction at Ralph Wilson Park; and (ii) authorize the BUDC President or Executive Vice President to execute the Ninth Amendment to the Subgrant Agreement and take such other actions as are necessary to implement this authorization.

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Buffalo Urban Development Corporation

Item 4.4

MEMORANDUM

TO: BUDC Board of Directors

FROM: Rebecca Gandour, Executive Vice President

SUBJECT: Ralph C. Wilson, Jr. Centennial Park – MVVA Contract Amendment No. 13

DATE: February 27, 2024

On October 31, 2023, the BUDC Board of Directors approved the 12th amendment to the Master Service Agreement (the “MVVA Agreement”) with Michael Van Valkenburgh Associates (“MVVA”) for value engineering services for Phase 1A of construction at Ralph C. Wilson, Jr. Centennial Park (“Ralph Wilson Park”).

Through the value engineering process, the construction team determined that approximately \$364,000 in savings could be achieved by implementing a bridge retaining wall system. An additional amendment to the MVVA Agreement is necessary in order for MVVA to redesign the retaining wall handrails and prepare new grading drawings for the bridge retaining wall. BUDC’s project manager, Gardiner, and Theobald (G&T) has reviewed MVVA’s proposal and recommends the redesign work at an additional cost up to \$17,000. This additional amendment will be funded through Ralph Wilson Grant 5 (RG-2110-10958), which was accepted by the BUDC Board of Directors at its February 22, 2022 meeting.

This item was reviewed with the BUDC Downtown Committee on February 21, 2024. Although no quorum was present, the Downtown Committee members present voiced support for this item to be advanced to the BUDC Board of Directors for approval.

ACTION

I am requesting that BUDC Board of Directors (i) approve the 13th amendment to the MVVA Agreement in an amount up to \$17,000 for the redesign of the retaining wall handrail and preparation of new grading drawings; 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.

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Buffalo Urban Development Corporation

Item 4.5

MEMORANDUM

TO: BUDC Board of Directors

FROM: Rebecca Gandour, Executive Vice President

SUBJECT: BUDC Acceptance of Funds from City of Buffalo for Seawall Design

DATE: February 27, 2024

On December 8, 2023, the City of Buffalo was awarded \$360,000 through the New York State Division of Homeland Security and Emergency Services (DHSES), made available through the Federal Emergency Management Agency (FEMA) to complete shoreline resiliency work at Ralph Wilson Park. The approved scope of work under the DHSES grant primarily consists of design and permitting for Segment 3 of the seawall, which spans from the Blueway to Clearwell. The Segment 3 design work is considered the first phase of work, and FEMA will consider granting additional funding for future phases of shoreline resiliency work upon timely completion of Phase I. Given the urgency of the project's construction timeline, it is critical to secure a design firm to initiate the Seawall design process.

As BUDC is currently managing the principal design contract for the Ralph Wilson Park project, the City of Buffalo has requested that BUDC hold the Seawall design contract. To facilitate this, BUDC and the City of Buffalo will enter into a subgrant agreement in order for the City to transfer up to \$360,000 to BUDC to contract with a design firm for the Segment 3 design and permitting work. BUDC has issued a request for proposals (RFP) for the design and permitting work, which will be brought to the Downtown Committee and Board of Directors at a later date.

The City of Buffalo Common Council approved acceptance of the DHSES grant funds at its January 9, 2024 meeting. The transfer of funds to BUDC is contingent on Common Council approval of the subgrant agreement with BUDC.

BUDC has received the Master Contract for Grants between DHSES and the City of Buffalo, which includes the standard terms and conditions for the grant award. As a subrecipient of the grant funding,

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BUDC is required to comply with these terms, which include state and federal requirements. Some key features of this grant include:

- The Phase I design and permitting work must be completed by February 1, 2026.
- This is a reimbursement-based grant award; disbursement of grant funds will be made on a quarterly basis.
- The DHSES/FEMA award represents 90% of the total \$400,000 project cost. The remaining \$40,000 required for this work will come from a grant match from the Ralph C. Wilson, Jr. Foundation. Grant funds from Wilson Grant 5 (RG 2110 10958), previously accepted by the BUDC Board of Directors at its February 22, 2022 meeting, will be the matching funds source.
- BUDC will be subject to federal administrative, cost principles, and audit requirements and will be required to establish and maintain complete and accurate books and records.
- BUDC will be required to maintain adequate internal controls and adhere to GAAP requirements.
- Requirements relating to M/WBE, small business enterprises and labor surplus area requirements will apply to the project.
- Federal procurement standards will apply to the project.
- Certification of compliance with federal environmental laws will be required for the project.
- The submission of narrative/qualitative, progress and expenditure reports on a quarterly basis, and a final report to be submitted no later than 45 days after the end of the contract period.
- The requirement that the City of Buffalo take full responsibility for the acts and omissions of its subcontractors.
- Recapture of funds in the event the agreement is terminated for cause based on misuse or conversion of state or federal property.

This item was reviewed with the BUDC Downtown Committee on February 21, 2024. Although no quorum was present, the Downtown Committee members present voiced support for this item to be advanced to the BUDC Board of Directors for approval.

ACTION

I am requesting that the Board of Directors (i) approve entering into a subgrant agreement with the City of Buffalo which will allow the transfer of up to \$360,000 from the City of Buffalo's DHSES Grant to fund the design of the Seawall at Ralph Wilson Park; and (ii) authorize the BUDC President or Executive Vice President to execute the subgrant agreement and take such other actions as are necessary to implement this authorization.

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Item 4.6

MEMORANDUM

TO: BUDC Board of Directors

FROM: Rebecca Gandour, Executive Vice President

SUBJECT: 714 Northland Mortgage Payoff

DATE: February 27, 2024

On December 18, 2018 the BUDC Board approved the acquisition and related financing of 714 Northland Avenue. The approved financing from M&T Bank was the lesser of \$425,000 or 85% of the bank-appraised value of the property for a term of five years, with interest-only payments and a balloon payment due at the end of the term. The acquisition was completed by BUDC’s wholly-owned subsidiary 714 Northland LLC and a term loan was closed on February 28, 2019 totaling \$369,750. Interest payments totaling \$86,457 have been made over the life of the loan. The term note matures on February 29, 2024.

The Buffalo Brownfields Redevelopment Fund (“BBRF” or the “Fund”) was established in 2005, and allows certain third-party expenses incurred by BUDC in connection with the development of Buffalo Lakeside Commerce Park (“BLCP”) to be reimbursed under the Fund Administration Agreement. These out-of-pocket third-party costs “include, but are not limited to, land acquisition, site investigations, site planning, remediation, road and utility construction and related legal costs”. In September 2012, the Board designated the BLCP project as complete, which allowed for the expansion of the use of BBRF funds to “other comparable projects” in the City of Buffalo. Riverbend, Northland and 308 Crowley Street were designated “comparable” projects by the Board beginning October 1, 2012, January 1, 2015 and June 26, 2018, respectively. On December 18, 2018, at the time the financing for 714 Northland Avenue was approved, the Board and BUDC staff discussed the usage of the BBRF to cover costs, if needed.

BUDC has received a payoff statement from M&T Bank in the amount of \$372,091. 714 Northland LLC has approximately \$244,930 in cash from rent payments that will be used to pay off the M&T term loan, in conjunction with \$127,161 of BBRF funds.

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After this reimbursement, the BBRF balance will be approximately \$107,000.

ACTION:

We are requesting that the Board of Directors (i) approve the use of up to \$127,500 from the Buffalo Brownfields Redevelopment Fund to pay off the M&T term loan related to 714 Northland Avenue and (ii) authorize the BUDC President or Executive Vice President to execute documents and take such other actions as are necessary or appropriate to implement this authorization.

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Item 4.7

MEMORANDUM

TO: BUDC Board of Directors

FROM: Rebecca Gandour, Executive Vice President

SUBJECT: Northland Corridor –BUDC-ESD NWTC 2016 Lease Memorandum of Understanding

DATE: February 27, 2024

BUDC staff has been working with Empire State Development (ESD) on a memorandum of understanding (MOU) to clarify the recapture terms of a previous capital grant (Project #Z415) for the Northland Corridor. Project #Z415 refers to the \$10,300,000 provided by ESD for the first phase of redevelopment of the Northland Corridor and development of the Northland Workforce Training Center (NWTC).

Exhibit C of the grant disbursement agreement (GDA) for Project Z415 includes a provision (the “Availability Provision”) that provides as follows:

BUDC will make available the former CNB Building (683 Northland Avenue) for ESD (or other designated entity by ESD) for the WNY Workforce Training Center and/or other economic development uses at ESD’s discretion at a cost of \$1/year plus utilities, taxes, and common area maintenance charges) unless otherwise agreed to by ESD.

The GDA does not specify the length of time the Availability Provision is to remain in effect. Under the terms of the MOU, BUDC and ESD acknowledge and agree that the Availability Provision shall remain in effect for a period of fifteen (15) years, ending on the first to occur of the following: (i) the sale or transfer of the property at the project location to a non-BUDC affiliated entity; or (ii) July 31, 2033. The amount of space at the facility to be made available to ESD is approximately 78,383 square feet.

The MOU also provides for BUDC and ESD to acknowledge and agree that the NWTC provides a substantial community benefit for the City of Buffalo, the Western New York region and the State of New York, which is facilitated in part by BUDC’s ongoing involvement with the project. The parties also agree,

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prior to end of the Availability Provision period, to collaborate with one another and with NWTC leadership to advance the sustainability of the NWTC and the project participants, including without limitation the identification of additional funding for capital and operating costs.

Following discussion with the BUDC Real Estate Committee, the MOU was updated to further acknowledged and agree that BUDC's continuing involvement as owner of the building and ESD's continued support in addressing the sustainability of both BUDC and the Training Center is necessary to ensure the continued success of the Training Center and BUDC's stewardship of the project.

This item was reviewed with the Real Estate Committee at its February 13th meeting and was recommended for Board approval.

ACTION:

We are requesting that the BUDC Board of Directors: (i) approve the Memorandum of Understanding between BUDC and ESD; and (ii) authorize the BUDC President or Executive Vice President to execute the Memorandum of Understanding on behalf of BUDC, and take such other actions as are necessary or appropriate to implement this authorization.