

Buffalo Urban Development Corporation

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Buffalo Urban Development Corporation Board of Directors Meeting

Date: Tuesday, October 25, 2022

Time: 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)(Enclosure)*

3.2 BUDC Consolidated Financial Statements *(Action)(Enclosure)*

4.0 NEW BUSINESS

4.1 2023 683 Northland Master Tenant Budget *(Action)(Enclosure)*

4.2 2023 BUDC Draft Budget & Three-Year Forecast *(Action)(Enclosure)*

4.3 Northland Central – 612 Northland Lease with Zephyr *(Action)(Enclosure)*

4.4 Buffalo Building Reuse Project – Loan Program Payment Resolution *(Action)(Enclosure)*

4.5 Waterfront / Ralph C. Wilson, Jr. Centennial Park Project Update *(Information)*

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

4.7 Northland Beltline Corridor Update *(Information)*

4.8 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**

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

**September 27, 2022
12:00 p.m.**

Directors Present:

Hon. Byron W. Brown (Chair)
Trina Burruss
Dan Castle
Janique S. Curry
Darby Fishkin
Dottie Gallagher
Thomas Halligan
Elizabeth A. Holden
Thomas A. Kucharski
Brendan R. Mehaffy
Kimberley A. Minkel
David J. Nasca
Dennis M. Penman (Vice Chair)
Darius G. Pridgen
Karen Utz

Directors Absent:

Catherine Amdur
Dennis W. Elsenbeck
Maria R. Whyte

Officers Present:

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

Guests Present: Cristina Cordero, Gardiner & Theobald (via conference call); Zachary Evans, Senior Economic Development Specialist, Erie County Executive's Office; Alexis M. Florczak, Hurwitz Fine P.C.; Francisco Guzman, Deputy Commissioner, City of Buffalo Department of Public Works; Soma Hawramee, ECIDA Compliance Officer; Laurie Hendrix, ECIDA Administrative Coordinator; Kelly Mahoney, Gilbane Building Company (via conference call); Antonio Parker, BUDC Project Manager; and Alexa Sass, BUDC Intern.

- 1.0** **Roll Call** – The meeting was called to order by the Vice Chair at 12:08 p.m. The Secretary called the roll and a quorum of the Board was determined to be present. Mr. Pridgen joined the meeting during the

presentation of item 3.1. Mayor Brown and Ms. Curry joined the meeting during the presentation of item 4.1.

2.0 Reading of the Minutes – The minutes of the August 30, 2022 meeting of the Board of Directors were presented. Ms. Burruss made a motion to approve the meeting minutes. The motion was seconded by Ms. Gallagher and unanimously carried (12-0-0).

3.0 Monthly Financial Reports – Ms. Profic presented for information purposes the financial statements for 683 Northland Master Tenant, LLC for the period ending August 30, 2022. She then presented the consolidated financial statements for BUDC and its affiliates, 683 Northland LLC and 683 WTC, LLC for the period ending August 30, 2022. Mr. Castle made a motion to accept the BUDC consolidated financial statements. The motion was seconded by Mr. Nasca and unanimously carried (13-0-0).

4.0 New Business

4.1 Financial Assistance Award for Northland Corridor Redevelopment – Ms. Gandour presented her September 27, 2022 memorandum regarding the Economic Development Administration (EDA) Build Back Better Regional Challenge financial assistance award for redevelopment of the Northland Corridor. Following the presentation, Ms. Minkel made a motion to: (i) approve the acceptance by BUDC of an approximately \$14,400,000 grant from the Economic Development Administration to be used for the Northland Corridor Redevelopment Project; and (ii) authorize the President or Executive Vice President to execute the Financial Assistance Award document 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 Mr. Mehaffy and (with Ms. Utz abstaining from the vote) carried with fourteen affirmative votes (14-0-1).

4.2 BUDC Grant Administration Policy – Ms. Merriweather presented her September 27, 2022 memorandum regarding the proposed BUDC Grant Administration Policy. Following the presentation, the Board asked questions relating to pre-application assessment of grants and reporting to the Board, and whether BUDC’s auditing firm has reviewed the policy. Ms. Merriweather indicated that prior to any grant application being submitted, BUDC staff will complete a pre-application assessment form that will identify how the funds align with BUDC’s mission and purpose, whether there is a matching funds requirement and other matters pertaining to the proposed grant. Ms. Profic added that the policy will be shared with BUDC’s auditors. Mr. Kucharski then made a motion to adopt the Grant Administration Policy in the form presented. The motion was seconded by Mr. Pridgen and unanimously carried (15-0-0).

4.3 Waterfront/RCWJ Centennial Park – Project Update – Mr. Parker introduced Cristina Cordero from Gardiner & Theobald and Kelly Mahoney from Gilbane to provide an update on the Centennial Park project. Ms. Cordero indicated that all design milestones have been completed, and G&T is working with Gilbane on pre-construction coordination, with cost estimates to be finalized and reconciled by November. A joint application for shoreline permitting is targeted for completion in October 2022, but discussions on Cofferdam may impact this timeline. Ms. Cordero then provided an overview of preliminary milestones for the project’s construction, noting that tree removal is anticipated to begin this upcoming winter, PLA negotiations are expected to be complete by the end of October 2022, and formal site mobilization will occur in March 2023. Informational signs will be installed on site with respect to the Phase 1 tree removal to inform the public regarding the tree removal process and the trees and planting to be added to the park. Phase 1 of construction is targeted to be complete by Labor Day 2024; a completion target date for Phase 2 is to be determined, but the playground is anticipated to be complete in Summer 2025. Following the presentation, Mr. Pridgen applauded the community outreach and engagement efforts that have taken place with respect to the project. In response to a question from Mr. Nasca regarding park maintenance after project completion. Ms. Merriweather noted that the Ralph Wilson Park

Conservancy will fund park maintenance to ensure sustainability and that this issue has remained a focus in developing the Park.

4.4 BBRP/Buffalo’s Race for Place Project Update – Ms. Merriweather presented an update regarding BBRP and Buffalo’s Race for Place. BUDC received ten responses to the Inner Harbor and Waterfront Public Realm master plan request for proposals, from both local and out of town applicants. The proposals, which are being sought to develop a comprehensive streetscape and wayfinding strategy for the Inner Harbor and connectivity to Centennial Park, are now under review, and the work is expected to be awarded in October. BUDC continues work with the Project for Public Spaces, Wendel and GoBike Buffalo on the placemaking grant received for the Ellicott Node. Adjustments are being made to the lighting enhancement portion of the project as costs to complete this portion of the project were higher than anticipated. Ms. Merriweather also reported on a recent profile in Site Selection Magazine that included Race for Place, the Northland Workforce Training Center, Centennial Park, and the EDA grant for the Build Back Better Regional Challenge. Mr. Castle commented on the state and local focus on renewable energy and the importance of incorporating electric vehicle charging stations in infrastructure projects. Mr. Mehaffy noted that the Common Council recently approved a contract with Stantec, which, in coordination with the Inner Harbor study, will work to address multi-modal transportation as part of infrastructure improvement efforts throughout the City of Buffalo. Ms. Minkel commented that infrastructure improvements should be designed for the entire community, including those who are disabled.

4.5 Northland Beltline Corridor - Project Update – Ms. Gandour presented the Northland Beltline Corridor update. The Mancuso Group completed the quarterly report for 683 Northland which gathers information on job and hiring goals from project tenants. Buffalo Manufacturing Works and the Northland Workforce Training Center will be hosting a series of manufacturing days, consisting of six tours for Buffalo Public Schools students and Girl Scout troops to increase awareness of available career opportunities. The Mancuso Group is also receiving interest in space along the Northland Corridor due to BUDC’s receipt of EDA funding from the Build Back Better Regional Challenge.

4.6 Buffalo Lakeside Commerce Park – Project Update – Ms. Gandour presented an update regarding Buffalo Lakeside Commerce Park. The exclusivity agreement between BUDC and Savarino regarding 80, 134, 158 and 200 Ship Canal Parkway has been executed and BUDC has received its first payment under the agreement. With the Zephyr transaction now closed, BUDC is no longer the majority owner at BLCP. BUDC staff is working on a budget for the BLCP Property Owners Association which will be presented to the POA owners.

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 of Directors, the September 27, 2022 Board of Directors meeting was adjourned at 1:02 p.m.

Respectfully submitted,

Kevin J. Zanner, Secretary

683 Northland Master Tenant, LLC
Financial Statements
September 30, 2022
(Unaudited)

683 NORTHLAND MASTER TENANT, LLC
Balance Sheet

ASSETS	September 2022	August 2022	December 2021
Current assets:			
Cash	\$ 301,453	\$ 387,656	\$ 107,787
Tenant receivable	97,920	67,495	74,685
Prepaid expenses	118,508	8,968	106,662
Total current assets	<u>517,881</u>	<u>464,119</u>	<u>289,134</u>
Prepaid rent - sublessee	474,634	474,732	426,309
Prepaid leasing commission	196,225	198,638	217,938
Tenant security deposits	84,890	84,882	84,854
Cash reserves	356,120	356,087	365,968
Equipment, net	23,711	23,711	6,535
Prepaid rent - Master Lease Agreement	<u>27,397,807</u>	<u>27,356,758</u>	<u>25,528,601</u>
Total assets	<u>\$ 29,051,268</u>	<u>\$ 28,958,927</u>	<u>\$ 26,919,339</u>
LIABILITIES & MEMBERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 77,672	\$ 69,797	\$ 144,550
Due to related parties	254,935	254,935	254,935
Total current liabilities	<u>332,607</u>	<u>324,732</u>	<u>399,485</u>
Operating deficit loan	132,359	132,359	132,359
Tenant security deposits	84,850	84,850	84,854
Deferred rent liability - Master Lease Agreement	6,355,853	6,239,581	5,309,411
Deferred rent liability - sublessee	5,736,033	5,782,123	6,150,839
Distribution payable - priority return	1,000	1,000	263,941
Total noncurrent liabilities	<u>12,310,095</u>	<u>12,239,913</u>	<u>11,941,404</u>
MEMBERS' EQUITY	16,408,566	16,394,282	14,578,450
Total liabilities and net position	<u>\$ 29,051,268</u>	<u>\$ 28,958,927</u>	<u>\$ 26,919,339</u>

683 NORTHLAND MASTER TENANT, LLC
Income Statement

Year-to-Date For the Period Ended:

	<u>September 2022</u>	<u>August 2022</u>	<u>December 2021</u>
Revenues:			
Rental revenue	\$ 1,099,602	\$ 979,458	\$ 1,468,498
Additional rental revenue	584,858	523,798	648,676
Interest and other revenue	305	225	261
Total revenues	<u>1,684,765</u>	<u>1,503,481</u>	<u>2,117,435</u>
Expenses:			
Rent expense	1,409,806	1,253,161	1,879,742
Payroll	107,058	95,824	149,471
Utilities expense	53,702	63,664	150,924
Insurance expense	91,643	81,267	120,629
Professional fees	66,438	61,585	85,899
Property management fee	52,607	46,590	67,515
Real estate taxes	13,461	11,455	19,626
Repairs and maintenance	180,778	153,898	120,242
Asset management fee	10,000	10,000	10,000
Miscellaneous expense	88	88	7,920
Depreciation expense	1,215	1,215	2,429
Total expenses	<u>1,986,796</u>	<u>1,778,747</u>	<u>2,614,397</u>
Net loss	(302,031)	(275,266)	(496,962)
Members' equity - beginning of period	<u>14,578,450</u>	<u>14,578,450</u>	<u>9,658,723</u>
Change in members' equity	(302,031)	(275,266)	(496,962)
Members' capital contributions	2,091,098	2,091,098	5,680,517
Distributions	41,049	-	(263,828)
Members' equity - end of period	<u>\$ 16,408,566</u>	<u>\$ 16,394,282</u>	<u>\$ 14,578,450</u>

683 NORTHLAND MASTER TENANT, LLC
Statement of Cash Flows

Year-to-Date For the Period Ended:

	<u>September 2022</u>	<u>August 2022</u>	<u>December 2021</u>
Cash flows from operating activities:			
Net loss	\$ (302,031)	\$ (275,266)	\$ (496,962)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	1,215	1,215	2,429
Decrease (increase) in assets:			
Tenant receivables	(23,235)	7,190	(44,152)
Prepaid insurance	(11,846)	97,694	(16,307)
Accrued rental income	(48,325)	(48,423)	(119,344)
Prepaid leasing commission	21,713	19,300	(105,715)
Prepaid rent - Master Lease Agreement	1,046,442	930,170	1,393,059
Increase (decrease) in liabilities:			
Security deposit liability	(4)	(4)	9,104
Accounts payable	(66,878)	(74,753)	25,216
Due to related parties	-	-	(126,346)
Operating deficit loan	-	-	82,428
Deferred rent liability - sublessee	(414,806)	(368,716)	(553,074)
Net cash provided (used) by operating activities	<u>202,245</u>	<u>288,407</u>	<u>50,336</u>
Cash flows from investing activities:			
Equipment purchases	(18,390)	(18,390)	-
Net cash used by investing activities	<u>(18,390)</u>	<u>(18,390)</u>	<u>-</u>
Cash flows from financing activities:			
Members' contributions	2,091,098	2,091,098	5,680,517
Distributions	(221,892)	(262,941)	(148,096)
Payments of prepaid rent under Master Lease Agreement	(1,869,206)	(1,828,157)	(5,532,421)
Net cash provided by financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	183,855	270,017	50,336
Cash and restricted cash - beginning of period	<u>558,609</u>	<u>558,609</u>	<u>508,273</u>
Cash and restricted cash - end of period	<u>\$ 742,463</u>	<u>\$ 828,625</u>	<u>\$ 558,609</u>

683 NORTHLAND MASTER TENANT, LLC
Budget to Actual Comparison

	<u>YTD September 2022</u>	<u>YTD Budget 2022</u>	<u>Variance</u>
Revenues:			
Rental revenue	\$ 1,099,602	\$ 1,104,713	\$ (5,111)
Additional rent revenue	584,858	476,250	108,608
Interest and other revenue	305	375	(70)
Total revenues	<u>1,684,765</u>	<u>1,581,338</u>	<u>103,427</u>
Expenses:			
Rent expense	1,409,806	1,409,807	(1)
Payroll	107,058	130,320	(23,262)
Utilities	53,702	69,000	(15,298)
Insurance	91,643	92,250	(607)
Professional fees	66,438	51,000	15,438
Property management fee	52,607	55,500	(2,893)
Real estate taxes	13,461	18,000	(4,539)
Repairs and maintenance	180,778	159,000	21,778
Asset management fee	10,000	7,500	2,500
Miscellaneous	88	3,750	(3,662)
Depreciation	1,215	1,823	(608)
Total expenses	<u>1,986,796</u>	<u>1,997,949</u>	<u>(11,153)</u>
Net income (loss)	\$ (302,031)	\$ (416,611)	\$ 114,580

Budget variances:

- Additional rent represents amounts charged to tenants for common area maintenance (CAM) charges, insurance, etc. This is ahead of budget due to higher costs charged back to tenants.
- Payroll costs are below budget because an additional employee was budgeted for 2022.
- Professional fees include tax/audit, legal, consulting, environmental and leasing commissions. In 2022 there were some unbudgeted environmental costs related to the brownfield cleanup program.
- Repairs and maintenance includes building automation system costs and snow removal.

Buffalo Urban Development Corporation
Consolidated Financial Statements
September 30, 2022
(Unaudited)

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

ASSETS	September 2022	August 2022	December 2021
Current assets:			
Cash	\$ 6,249,269	\$ 7,019,347	\$ 2,817,690
Restricted cash	4,197,854	4,213,515	4,487,462
Grants receivable	10,726,777	10,726,777	10,160,553
Other current assets	6,281,324	6,275,588	6,626,745
Total current assets	<u>27,455,225</u>	<u>28,235,227</u>	<u>24,092,450</u>
Noncurrent assets:			
Loans receivable	9,666,400	9,666,400	9,666,400
Equity investment	178,051	178,051	178,051
Capital assets, net	105,707,435	106,048,178	108,785,225
Land and improvement held for sale, net	788,212	3,291,924	3,363,434
Total noncurrent assets	<u>116,340,098</u>	<u>119,184,553</u>	<u>121,993,110</u>
Total assets	<u>\$ 143,795,323</u>	<u>\$ 147,419,780</u>	<u>\$ 146,085,560</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$ 600,109	\$ 870,904	\$ 959,332
Lines of credit	677,158	677,158	677,158
Loans payable, current	1,123,167	1,164,216	10,180,810
Unearned grant revenue	17,589,103	17,797,130	14,373,673
Total current liabilities	<u>19,989,537</u>	<u>20,509,408</u>	<u>26,190,973</u>
Note payable	-	257,381	257,381
Deferred rent liability	21,041,954	21,117,177	20,219,190
Loans payable, noncurrent	14,099,750	14,099,750	14,099,750
Total noncurrent liabilities	<u>35,141,704</u>	<u>35,474,308</u>	<u>34,576,321</u>
NET POSITION			
Net investment in capital assets	91,272,730	94,076,136	87,868,099
Restricted	3,508,851	3,508,788	3,624,405
Unrestricted	(6,117,500)	(6,148,859)	(6,174,238)
Total net position	<u>88,664,081</u>	<u>91,436,064</u>	<u>85,318,266</u>
Total liabilities and net position	<u>\$ 143,795,323</u>	<u>\$ 147,419,780</u>	<u>\$ 146,085,560</u>

Balance Sheet Notes:

- Cash decreased due to vendor and debt payments during the month.
- Capital assets decrease is due to monthly depreciation expense.
- Land held for sale decrease is due to sale of several parcels at BLCF.
- Lines of credit: balances at end of July are BUDC: \$0 ; 683 Northland: \$677,158. 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.
- Note payable related to land sale at BLCF paid during September

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

	<u>September 2022</u>	<u>August 2022</u>	<u>December 2021</u>
Operating revenues:			
Grant revenue	\$ 4,098,069	\$ 3,590,042	\$ 4,425,140
Brownfield funds	36,183	36,183	40,821
Loan interest and commitment fees	72,498	64,443	112,107
Rental and other revenue	8,521,682	8,352,424	14,869,875
Proceeds from sale of land, net	<u>(558,494)</u>	<u>1,901,618</u>	<u>-</u>
Total operating revenues	<u>12,169,938</u>	<u>13,944,710</u>	<u>19,447,943</u>
Operating expenses:			
Development costs	4,116,571	3,645,619	4,253,370
Adjustment to net realizable value	96,182	97,622	98,713
Salaries and benefits	282,968	250,739	482,778
General and administrative	1,266,861	1,161,882	2,091,562
Management fee	61,200	54,400	70,408
Depreciation	<u>3,066,681</u>	<u>2,725,939</u>	<u>4,225,517</u>
Total operating expenses	<u>8,890,464</u>	<u>7,936,201</u>	<u>11,222,348</u>
Operating income (loss)	3,279,475	6,008,509	8,225,595
Non-operating revenues (expenses):			
Loss on disposal	-	-	(118,382)
Interest expense	(254,517)	(211,344)	(450,479)
Amortization expense	-	-	(43,675)
Interest income	812	588	722
Other income	(28,279)	(28,279)	-
Proceeds from land sales	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>(281,984)</u>	<u>(239,035)</u>	<u>(611,814)</u>
Change in net position	2,997,491	5,769,474	7,613,781
Net position - beginning of period	<u>85,318,266</u>	<u>85,318,266</u>	<u>76,742,639</u>
Add: Capital contribution	348,325	348,325	961,846
Net position - end of period	<u>\$ 88,664,082</u>	<u>\$ 91,436,065</u>	<u>\$ 85,318,266</u>

BUFFALO URBAN DEVELOPMENT CORPORATION
Consolidating Statement of Net Position
September 30, 2022 (Unaudited)

	Buffalo Urban Development Corporation	683 WTC, LLC	683 Northland LLC	Eliminations (1)	Total
ASSETS					
Current assets:					
Cash	\$ 6,101,899	\$ 14,305	\$ 133,065	\$ -	\$ 6,249,269
Restricted cash	3,881,387	-	316,468	-	4,197,854
Grants receivable	10,726,777	-	-	-	10,726,777
Other current assets	7,622,517	42,400	132,359	(1,515,951) (1)	6,281,324
Total current assets	<u>28,332,580</u>	<u>56,705</u>	<u>581,892</u>	<u>(1,515,951)</u>	<u>27,455,225</u>
Noncurrent assets:					
Loans receivable	61,853,679	-	-	(52,187,279) (1)	9,666,400
Equity investment	-	66,291,763	-	(66,113,712) (1)	178,051
Capital assets, net	8,357,774	-	97,349,661	-	105,707,435
Land and improvement held for sale, net	788,212	-	-	-	788,212
Total noncurrent assets	<u>70,999,665</u>	<u>66,291,763</u>	<u>97,349,661</u>	<u>(118,300,991)</u>	<u>116,340,098</u>
Total assets	<u>\$ 99,332,245</u>	<u>\$ 66,348,468</u>	<u>\$ 97,931,553</u>	<u>\$ (119,816,942)</u>	<u>\$ 143,795,323</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expense	\$ 583,338	\$ 1,515,951	\$ 16,771	\$ (1,515,951) (1)	\$ 600,109
Line of credit	-	-	677,158	-	677,158
Loans payable, current	-	-	1,123,167	-	1,123,167
Unearned grant revenue	17,589,103	-	-	-	17,589,103
Total liabilities	<u>18,172,441</u>	<u>1,515,951</u>	<u>1,817,096</u>	<u>(1,515,951)</u>	<u>19,989,537</u>
Noncurrent liabilities:					
Note payable	-	-	-	-	-
Deferred rent liability	-	-	21,041,954	-	21,041,954
Loans payable, noncurrent	369,750	52,187,279	13,730,000	(52,187,279) (1)	14,099,750
Total noncurrent liabilities	<u>369,750</u>	<u>52,187,279</u>	<u>34,771,954</u>	<u>(52,187,279)</u>	<u>35,141,704</u>
NET POSITION					
Net investment in capital assets	8,776,236	-	82,496,494	-	91,272,730
Restricted	3,508,851	-	-	-	3,508,851
Unrestricted	68,504,966	12,645,237	(21,153,992)	(66,113,712) (1)	(6,117,500)
Total net position	<u>80,790,053</u>	<u>12,645,237</u>	<u>61,342,502</u>	<u>(66,113,712)</u>	<u>88,664,081</u>
Total liabilities and net position	<u>\$ 99,332,245</u>	<u>\$ 66,348,468</u>	<u>\$ 97,931,553</u>	<u>\$ (119,816,942)</u>	<u>\$ 143,795,323</u>

(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: September 30, 2022 (Unaudited)

	Buffalo Urban Development Corporation	683 WTC, LLC	683 Northland LLC	Eliminations (1)	Total
Operating revenues:					
Grant revenue	\$ 4,098,069	\$ -	\$ -	\$ -	\$ 4,098,069
Brownfield funds	36,183	-	-	-	36,183
Loan interest and commitment fees	72,498	-	-	-	72,498
Rental and other revenue	118,720	6,993,156	1,409,807	-	8,521,682
Proceeds from land sales, net	(558,494)	-	-	-	(558,494)
Total operating revenue	<u>3,766,976</u>	<u>6,993,156</u>	<u>1,409,807</u>	<u>-</u>	<u>12,169,938</u>
Operating expenses:					
Development costs	4,116,571	-	-	-	4,116,571
Adjustment to net realizable value	96,182	-	-	-	96,182
Salaries and benefits	282,968	-	-	-	282,968
General and administrative	1,027,175	152,794	86,892	-	1,266,861
Management fee	61,200	-	-	-	61,200
Depreciation	-	-	3,066,681	-	3,066,681
Total operating expenses	<u>5,584,097</u>	<u>152,794</u>	<u>3,153,573</u>	<u>-</u>	<u>8,890,464</u>
Operating income	(1,817,121)	6,840,362	(1,743,766)	-	3,279,475
Non-operating revenues (expenses):					
Interest expense	(10,550)	-	(243,967)	-	(254,517)
Amortization expense	-	-	-	-	-
Interest income	602	123	87	-	812
Other income/expenses	-	-	(28,279)	-	(28,279)
Total non-operating revenues (expenses)	<u>(9,948)</u>	<u>123</u>	<u>(272,158)</u>	<u>-</u>	<u>(281,984)</u>
Change in net position	(1,827,069)	6,840,485	(2,015,925)	-	2,997,491
Net position - beginning of year	82,617,122	5,804,753	56,217,310	(59,320,920) (1)	85,318,265
Add: capital contributions	-	-	7,141,117	(6,792,792) (1)	348,325
Net position - end of period	<u>\$ 80,790,053</u>	<u>\$ 12,645,237</u>	<u>\$ 61,342,502</u>	<u>\$ (66,113,712)</u>	<u>\$ 88,664,081</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 September 30, 2022 (Unaudited)

	<u>YTD September 2022</u>	<u>YTD Budget 2022</u>	<u>Variance</u>
Operating revenues:			
Grant revenue	\$ 4,098,069	\$ 10,053,750	\$ (5,955,681)
Brownfield funds	36,183	50,250	(14,067)
Loan interest and commitment fees	72,498	72,498	-
Rental and other revenue	8,521,682	2,181,587	6,340,096
Proceeds from land sales, net	<u>(558,494)</u>	<u>(53,625)</u>	<u>(504,869)</u>
Total operating revenues	<u>12,169,938</u>	<u>12,304,460</u>	<u>(134,521)</u>
Operating expenses:			
Development costs	4,116,571	7,445,411	(3,328,840)
Adjustment to net realizable value	96,182	-	96,182
Salaries and benefits	282,968	363,622	(80,654)
General and administrative	1,266,861	942,857	324,005
Management fee	61,200	70,875	(9,675)
Depreciation	<u>3,066,681</u>	<u>3,061,500</u>	<u>5,181</u>
Total operating expenses	<u>8,890,464</u>	<u>11,884,265</u>	<u>(2,993,801)</u>
Operating income (loss)	3,279,475	420,195	2,859,280
Non-operating revenues (expenses):			
Interest expense	(254,517)	(295,256)	40,739
Interest income	812	750	62
Other income	<u>(28,279)</u>	<u>-</u>	<u>(28,279)</u>
Total non-operating revenues (expenses)	<u>(281,984)</u>	<u>(294,506)</u>	<u>12,522</u>
Change in net position	<u>\$ 2,997,491</u>	<u>\$ 125,690</u>	<u>\$ 2,871,801</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 2019 brownfield tax credit refund to 683 WTC, LLC of \$6.9 million, received in 2022.
- Proceeds from land sales (net) is a result of three land sales in 2022 (two at 308 Crowley, one at BLCP).
- 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.
- 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 construction of 683 Northland and the related line of credit.

683 Northland Master Tenant, LLC
2023 Proposed Budget

**683 Northland Master Tenant, LLC
Proposed 2023 Budget**

	2023 Budget	2022 Projected	2021 Actual
Revenues:			
Rental revenue	\$ 1,456,000	\$ 1,471,033	\$ 1,468,498
Additional rental revenue	742,000	766,243	648,676
Interest and other revenue	250	338	261
Total	<u>2,198,250</u>	<u>2,237,614</u>	<u>2,117,435</u>
Expenses:			
Rent expense	1,879,742	1,879,742	1,879,742
Payroll	166,100	143,736	149,471
Utilities	102,000	95,496	150,924
Insurance	127,000	122,769	120,629
Professional fees	67,700	84,085	85,899
Property management fee	73,000	69,885	67,515
Real estate taxes	26,000	18,828	19,626
Repairs and maintenance	261,000	226,038	120,242
Asset management fee	10,000	10,000	10,000
Depreciation	5,056	5,056	2,429
Miscellaneous	5,000	7,132	7,920
Total	<u>2,722,598</u>	<u>2,662,766</u>	<u>2,614,397</u>
Net Income / (Loss)	<u>(524,348)</u>	<u>(425,152)</u>	<u>(496,962)</u>
Members' Equity			
Members' equity - beginning of period	\$ 15,705,360	\$ 14,578,450	\$ 9,658,723
Members' capital contributions	-	2,090,803	5,680,517
Distributions	(274,800)	(538,741)	(263,828)
Members' equity - end of period	<u>\$ 14,906,212</u>	<u>\$ 15,705,360</u>	<u>\$ 14,578,450</u>
Cash Flow Adjustments			
Net Income / (Loss)	\$ (524,348)	\$ (425,152)	\$ (496,962)
Prepaid rent - rent expense	1,387,319	1,395,256	1,393,059
Prepaid rent - Master Lease Agreement	-	(1,826,862)	(5,532,421)
Deferred lease liability	(553,074)	(553,074)	(553,074)
Prepaid leasing commission	26,700	28,950	(105,715)
Use of reserves	10,000	10,000	10,000
Equipment purchases	-	(18,390)	-
Depreciation	5,056	5,056	2,429
Changes in assets/liabilities (net)	-	-	(199,401)
Cash Increase/(Decrease) before Equity Items	<u>351,653</u>	<u>(1,384,216)</u>	<u>(5,482,085)</u>
Members' capital contributions	-	2,090,803	5,680,517
Distributions	(274,800)	(538,741)	(148,096)
Net Cash Increase	<u>\$ 76,853</u>	<u>\$ 167,846</u>	<u>\$ 50,336</u>

683 Northland Master Tenant, LLC's 1% owner and Managing Member is 683 WTC, LLC.
An investor-owned fund owns 99% of the entity.

683 Northland Master Tenant, LLC
Proposed 2023 Budget + 3 Year Projection

	<u>2023</u> <u>Budget</u>	<u>2024</u> <u>Projected</u>	<u>2025</u> <u>Projected</u>	<u>2026</u> <u>Projected</u>
Revenues:				
Rental revenue	\$ 1,456,000	\$ 1,427,000	\$ 1,409,000	\$ 1,321,000
Additional rental revenue	742,000	725,000	711,500	660,000
Interest and other revenue	250	250	250	250
Total	<u>2,198,250</u>	<u>2,152,250</u>	<u>2,120,750</u>	<u>1,981,250</u>
Expenses:				
Rent expense	1,879,742	1,879,742	1,879,742	1,879,742
Payroll	166,100	171,083	176,215	181,502
Utilities	102,000	105,060	108,212	111,458
Insurance	127,000	130,810	134,734	138,776
Professional fees	67,700	69,731	71,823	73,978
Property management fee	73,000	72,000	71,000	67,000
Real estate taxes	26,000	26,780	27,583	28,411
Repairs and maintenance	261,000	268,830	276,895	285,202
Asset management fee	10,000	10,000	-	-
Depreciation	5,056	3,200	3,200	3,200
Miscellaneous	5,000	5,150	5,305	5,464
Total	<u>2,722,598</u>	<u>2,742,386</u>	<u>2,754,710</u>	<u>2,774,733</u>
Net Income / (Loss)	<u>\$ (524,348)</u>	<u>\$ (590,136)</u>	<u>\$ (633,960)</u>	<u>\$ (793,483)</u>
Members' Equity				
Members' equity - beginning of period	\$ 15,705,360	\$ 14,906,212	\$ 14,041,275	\$ 13,132,516
Members' capital contributions	-	-	-	-
Distributions	(274,800)	(274,800)	(274,800)	(274,800)
Members' equity - end of period	<u>\$ 14,906,212</u>	<u>\$ 14,041,275</u>	<u>\$ 13,132,516</u>	<u>\$ 12,064,233</u>
Cash Flow Adjustments				
Net Income / (Loss)	\$ (524,348)	\$ (590,136)	\$ (633,960)	\$ (793,483)
Prepaid rent - rent expense	1,387,319	1,387,319	1,351,696	1,321,644
Deferred lease liability	(553,074)	(553,074)	(553,074)	(553,074)
Prepaid leasing commission	26,700	26,700	26,295	21,695
Usage of/(additions to) reserves	10,000	10,000	10,000	-
Depreciation	5,056	3,200	3,200	3,200
Cash Increase/(Decrease) before Equity Items	<u>351,653</u>	<u>284,009</u>	<u>204,158</u>	<u>(17)</u>
Members' capital contributions	-	-	-	-
Distributions	(274,800)	(274,800)	(274,800)	(274,800)
Net Cash Increase/(Decrease)	<u>\$ 76,853</u>	<u># \$ 9,209</u>	<u># \$ (70,642)</u>	<u># \$ (274,817)</u>

683 Northland Master Tenant, LLC's 1% owner and Managing Member is 683 WTC, LLC.
An investor-owned fund owns 99% of the entity.

Buffalo Urban Development Corporation

2023 Proposed Budget
October 25, 2022



Buffalo Urban Development Corporation

2023 Budget

A. Overview:

Buffalo Urban Development Corporation (“BUDC”) continues to make significant progress in all of its initiatives by advancing projects related to the Northland Corridor Redevelopment on Buffalo’s East Side, the Buffalo’s Race for Place initiative in Downtown Buffalo, transformation of Ralph Wilson Centennial Park as well as other strategic planning efforts and small business support.

In late 2022 BUDC received confirmation of a \$14.4 million funding award through the Build Back Better Challenge through the U.S Economic Development Administration for the rehabilitation of additional properties and clean energy upgrades within the Northland Corridor. The grant funding will be used to complete the following project components: Renovation of the approximately 44,000 s.f. industrial building at 541 E. Delavan Avenue, including extensive environmental remediation, site work, and the installation of new green infrastructure for storm water management; renovation of the approximately 10,000 s.f. “B” building at 612 Northland; implementation of a Clean Energy Microgrid to advance NYS and federal clean energy goals, and construction of approximately 120 new parking spaces at 714 Northland and the south lot adjoining 683 Northland. These components are collectively budgeted to cost \$18 million to complete. BUDC continues to engage with Northland Campus businesses and anchors such as the Northland Workforce Training Center; Manna Culinary; Buffalo Manufacturing Works; Rodriguez Construction; Bank On Buffalo and others as well as the surrounding community on collaborations, public art and other opportunities that will add to the vitality of the corridor.

In 2018, Mayor Byron W. Brown and the Ralph C. Wilson Jr. Foundation announced a \$50 million funding commitment to transform around 100 acres of the current Lasalle Park into the Ralph C. Wilson Jr. Centennial Park. This reimagined park is intended to provide access to world-class park amenities and Lake Erie to the underserved local community and the entire region. The creation of the Ralph C. Wilson Jr. Centennial Park aligns with some of Mayor Byron W. Brown’s continuous goals by increasing employment opportunities for City of Buffalo residents, promote general diversity, community project involvement and increase the utilization of Minority and Women Business Owned Enterprises in major development projects. The overall project area is about 100 acres and includes a new pedestrian bridge crossing the I-190; multiple playgrounds including a 2.5-acre destination playground with custom equipment and features; softball, soccer, and football fields with furnishings and sports lighting; new comfort stations, offices, and food and beverage areas; new underground utilities for the overall park; fully redesigned pedestrian, bike, and vehicular circulation (paths and roadways); complete redevelopment of the shoreline.

In 2012, BUDC began the Buffalo Building Reuse Project (BBRP) for Downtown Buffalo. Following the positive strides made through BBRP, with the adaptive reuse of historic buildings, development of residential housing units and significant investment in streetscape and infrastructure; BUDC introduced the Buffalo’s Race for Place initiative that looks to take downtown to the next level, by closing the gaps within our public realm and by creating a vibrant sense of place. Through continued improvement and maintenance of public infrastructure with a focus on place-making, innovation, and integration of “smart city” technology, Race for Place looks to boost Buffalo as an attractive home for businesses, entrepreneurs, new talent and residents alike. BUDC, in conjunction with the City of Buffalo, released the Ellicott Street Placemaking Strategy to improve the public setting to attract and encourage continued investment, real estate development, talent attraction and add to down Buffalo’s quality of life for employees, residents and visitors. BUDC is also coordinating

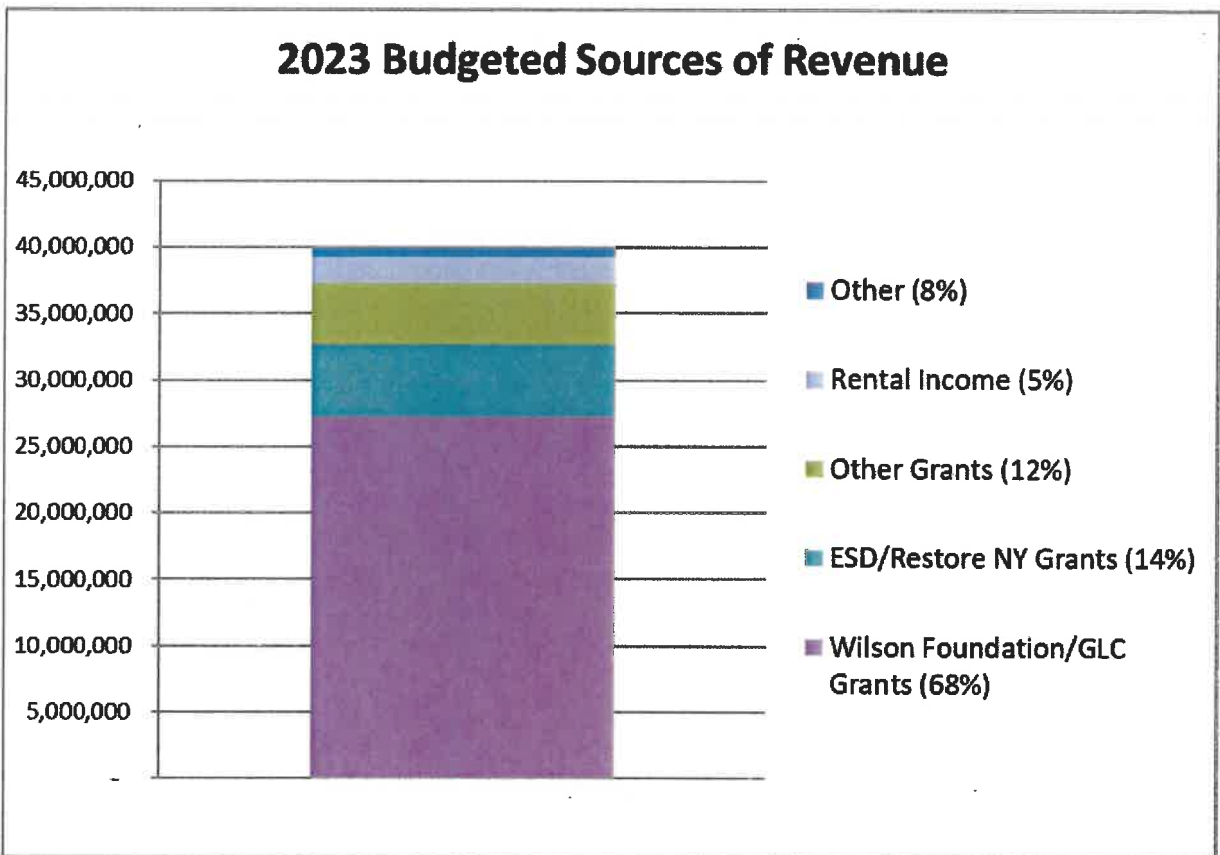
Buffalo Urban Development Corporation 2023 Budget

with the City of Buffalo on the redevelopment of the Mohawk Ramp into a mixed-use development and secured funding for infrastructure planning efforts to improve connections between the inner harbor and Ralph C. Wilson, Jr. Centennial Park as well as many other efforts related to furthering the Race for Place initiative. BUDC also revived the Queen City Pop Up Program following a brief pause during the pandemic.

BUDC will continue to operate and market the Buffalo Lakeside Commerce Park (“BLCP”) in 2023 with all remaining parcels under due diligence agreements with prospective purchasers. A Property Owners Association has been created for the long-term maintenance and operation as more companies locate within BLCP.

B. Sources of BUDC Funds:

The following chart summarizes the significant sources of the \$40.0 million in revenue that have been budgeted for BUDC projects in 2023:



(1) **Ralph C. Wilson, Jr. Foundation and Great Lakes Commission Grants** – In 2023 BUDC expects to recognize \$27,205,000 in grant revenue from the Wilson Foundation and Great Lakes Commission associated with multiple grant agreements supporting the redevelopment of LaSalle Park into the Ralph C. Wilson, Jr. Centennial Park along the city’s shoreline.

Buffalo Urban Development Corporation 2023 Budget

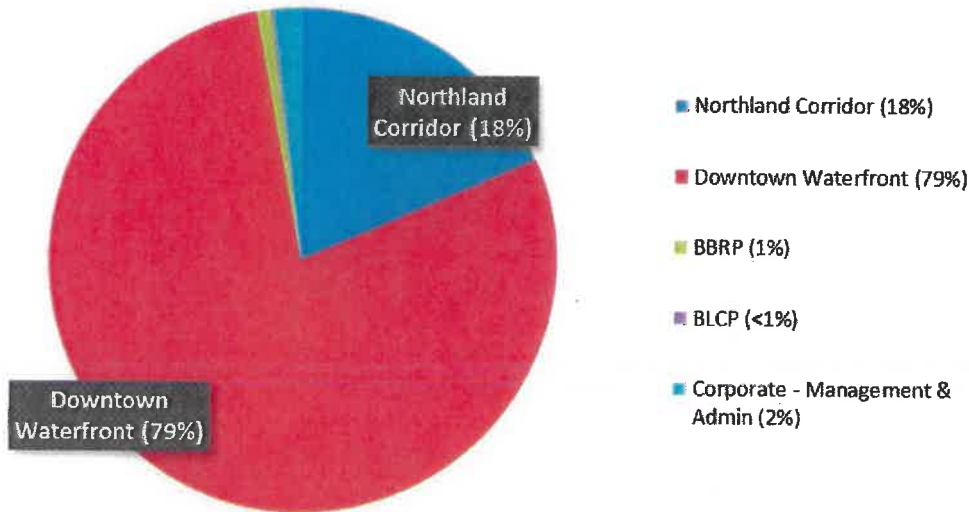
- (2) **Empire State Development/Restore NY Grants** – In 2022 BUDC expects to recognize \$5,500,000 in grant revenue from Empire State Development & Restore NY grants for projects along the Northland Corridor, specifically a solar microgrid project and core and shell renovations at 541 East Delavan Avenue.
- (3) **Other Grants** – In 2023 BUDC expects to recognize \$4,600,000 in grants from other various sources including (but not limited to): \$1,000,000 from the Economic Development Administration under the \$14.4 million Build Back Better Regional Challenge award, \$960,000 from the MLB-MLBPA Youth Development Foundation for youth baseball field construction and lighting at Ralph C. Wilson, Jr. Centennial Park, and \$600,000 passed through the City of Buffalo under the American Rescue Plan.
- (4) **Rental Income** – In 2022 BUDC expects to realize rental income of approximately \$1,959,000 for leased space in the Northland Corridor from tenants, the majority under the terms of a Master Lease Agreement between 683 Northland Master Tenant, LLC and 683 Northland LLC. It is of note that rent payments for leased space within the Northland Central (683 Northland) complex are paid to 683 Northland Master Tenant, LLC, a separate entity for financial reporting purposes.
- (5) **Other Income** – Other income totaling approximately \$706,000 on a consolidated basis reflects the following:
- a. \$250,000 from National Grid grants for certain projects.
 - b. BUDC anticipates the sale of property at BLCP, accounting for gross proceeds of \$540,000 less related costs, netting to a gain of approximately \$197,700.
 - c. \$100,000 grant from the Erie County Industrial Development Agency.
 - d. \$97,000 net loan fee and interest revenue.
 - e. \$40,000 net revenue to the Buffalo Brownfields Redevelopment Fund.
 - f. \$16,500 miscellaneous income.
 - g. \$5,200 collected from property owners for public infrastructure maintenance at BLCP.

Buffalo Urban Development Corporation 2023 Budget

C. Uses of BUDC Funds:

BUDC expects to spend \$38.4 million in 2023 as outlined in the following chart:

2023 Budgeted Use of Funds



- (1) Downtown Waterfront** – BUDC anticipates spending \$30.2 million in 2023 to support the development of Ralph C. Wilson, Jr. Centennial Park, as the project moves into the construction phase in 2023. Much of the funding will be passed through to the City of Buffalo.
- (2) Northland Corridor** – As part of the continuing Northland Corridor project, BUDC anticipates spending \$3.4 million on capital and development costs, in addition to operating costs at Northland Corridor properties. The majority of 2023 spending will focus on core and shell renovations at 537 East Delavan Avenue and the solar microgrid.
- (3) BBRP** – The Buffalo Building Reuse Project anticipates spending \$350,000 in 2023. \$85,000 is anticipated to be spent for personnel, marketing, and legal costs and \$265,000 is expected to be spent on urban corridor development.
- (4) BLCP** – In 2023 BUDC has budgeted \$19,000 for operations and maintenance costs of Ship Canal Commons, its share of costs under the Property Owners’ Association agreement. Other ongoing costs, including legal, insurance, and other administrative costs are estimated at an additional \$26,000.
- (5) Corporate – Management & Administrative** – In 2023, BUDC expects to spend \$747,000 on management and administrative costs. This includes salary and benefit costs of BUDC staff, totaling \$289,000. In addition, \$70,000 in other administrative, financial and property management services provided by ECIDA staff are budgeted to be reimbursed based on the number of hours ECIDA employees devote to these activities. Other management and administrative costs total \$298,500 and include legal, audit and tax, insurance, marketing, rent and other general and administrative costs.

Buffalo Urban Development Corporation Proposed 2023 Budget - Summary

REVENUE	YTD			
	Budget 2023	Projected 2022	August 2022	Actual 2021
Grant Revenue				
Empire State Development/Restore NY	\$ 5,500,000	\$ 199,262	\$ 115,516	\$ 129,520
EDA - Build Back Better	1,000,000	-	-	-
Ralph C. Wilson, Jr. Foundation/GLC	27,205,000	4,735,614	3,157,076	4,126,388
National Grid (various)	250,000	267,450	17,450	-
NYSERDA	-	-	-	119,232
ECIDA	100,000	100,000	-	-
Other	3,600,000	325,000	300,000	50,000
Gross Proceeds from Land Sales	540,000	2,177,500	1,993,417	599,000
Less: Cost of Land Sales	(342,300)	(2,741,745)	(91,799)	(746,345)
Buffalo Brownfield Fund Revenue (net)	40,000	36,183	36,183	40,821
Rental Income	1,959,162	2,017,122	1,354,068	2,025,331
BLCP Maintenance Contribution	5,200	13,200	5,200	1,000
Interest Income & Fees - Loans	96,664	227,914	64,443	112,107
Investment Interest Income/Miscellaneous	16,500	646	587	722
Other Income	-	7,942,056	6,993,156	12,872,507
Total	<u>39,970,226</u>	<u>15,300,203</u>	<u>13,945,298</u>	<u>19,330,284</u>
OPERATING EXPENSES				
Property Operations & Maintenance	76,878	151,456	97,597	181,454
Legal	135,000	199,940	122,227	162,887
Insurance	202,000	201,203	139,300	159,401
Marketing	50,000	25,730	15,730	21,057
Utilities	5,250	2,763	1,842	3,347
Misc.	16,500	9,722	6,481	8,527
Consultants	1,553,500	5,054,102	3,370,061	3,622,222
General Development Expenses	29,770,000	1,255,204	127,675	417,450
Personnel Costs	519,094	394,163	250,739	482,780
Interest	245,674	326,290	211,343	450,479
Rent	27,000	23,741	15,728	23,338
ECIDA Management Fee	87,000	81,600	54,400	79,629
Audit & Tax	275,300	348,623	348,623	204,381
Operating Expenses	15,000	38,860	35,333	226,485
Grant Expense	937,176	921,741	614,494	1,209,773
General & Administrative	168,731	144,973	38,311	194,101
Depreciation	4,081,000	4,168,415	2,725,939	4,225,517
Amortization	-	-	-	43,675
Total	<u>38,165,104</u>	<u>13,348,525</u>	<u>8,175,825</u>	<u>11,716,502</u>
Net Income / (Loss)	<u>\$ 1,805,122</u>	<u>\$ 1,951,677</u>	<u>\$ 5,769,473</u>	<u>\$ 7,613,782</u>
CAPITAL/LOAN FUND BUDGET				
Capital expenditures/equipment	(3,400,000)	(28,391)	(28,391)	(175,794)
Proceeds from loans/line of credit	1,000,000	-	-	183,575
Prepaid rent - Master Lease Agreement	-	1,826,862	1,826,862	5,532,421
Capital contributions	-	398,267	348,325	961,846
Repayment of debt	(875,228)	(11,282,772)	(9,057,643)	(19,884,504)
	<u>(3,275,228)</u>	<u>(9,086,034)</u>	<u>(6,910,847)</u>	<u>(13,382,456)</u>
CASH FLOW ADJUSTMENTS				
Cost of Land Sales	312,300	2,741,745	91,799	746,345
Prepaid rental income	(1,387,319)	(1,395,256)	(928,837)	(1,393,059)
Deferred lease liability	511,932	511,932	341,288	511,932
Use of reserves	76,941	96,932	44,682	97,848
Depreciation/amortization	4,081,000	4,168,415	2,725,939	4,269,192
Principal repayment - BUDC loans	-	-	-	750,000
Net Cash Increase/(Decrease)	<u>\$ 2,124,748</u>	<u>\$ (1,010,589)</u>	<u>\$ 1,133,497</u>	<u>\$ (786,416)</u>

Buffalo Urban Development Corporation
Proposed 2023 Budget - Project Detail

	BCLCP	BBRP / Race for Place	Centennial Park	Northland Corridor	Corporate Operations	Total
REVENUE						
Grant Revenue						
Restore NY 5	\$ -	\$ -	\$ -	\$ 1,600,000	\$ -	\$ 1,600,000
Ralph C. Wilson, Jr. Foundation/GLC	-	-	27,205,000	-	-	27,205,000
National Grid	-	250,000	-	-	-	250,000
EDA - Build Back Better	-	-	-	1,000,000	-	1,000,000
ESD - Northland	-	-	-	3,900,000	-	3,900,000
ECIDA	-	100,000	-	-	-	100,000
Other	-	-	3,000,000	-	600,000	3,600,000
Gross Proceeds from Land Sales	540,000	-	-	-	-	540,000
Less: Cost of Land Sales + closing costs	(342,300)	-	-	-	-	(342,300)
Buffalo Brownfield Fund Revenue (net)	-	-	-	-	40,000	40,000
Rental Income	-	-	-	1,959,162	-	1,959,162
BCLCP Property Maintenance	5,200	-	-	-	-	5,200
Interest Income & Fees - Loans	-	-	-	96,664	-	96,664
Investment Interest Income/Miscellaneous	6,000	-	-	-	10,500	16,500
Total	208,900	350,000	30,205,000	8,555,826	650,500	39,970,226
OPERATING EXPENSES						
Property Operations & Maintenance	19,026	-	-	57,852	-	76,878
Legal	20,000	10,000	10,000	52,500	42,500	135,000
Insurance	4,000	-	-	135,000	63,000	202,000
Marketing	-	25,000	-	-	25,000	50,000
Utilities	250	-	-	5,000	-	5,250
Misc.	1,500	-	-	-	15,000	16,500
Consultants	-	-	500,000	1,028,500	25,000	1,553,500
General Development Expenses	-	265,000	29,500,000	5,000	-	29,770,000
Personnel Costs	-	50,000	180,000	-	289,094	519,094
Interest	-	-	-	245,674	-	245,674
Operating Expenses	-	-	-	5,000	10,000	15,000
Rent	-	-	-	-	27,000	27,000
ECIDA Management Fee	-	-	7,500	9,500	70,000	87,000
Audit & Tax	-	-	3,000	106,800	165,500	275,300
General & Administrative	-	-	4,500	1,086,407	15,000	1,105,907
Depreciation	-	-	-	4,075,000	6,000	4,081,000
Amortization	-	-	-	-	-	-
Total	44,777	350,000	30,205,000	6,812,233	753,094	38,165,104
Net Income / (Loss)	164,123	-	-	1,743,593	(102,594)	1,805,122
CAPITAL BUDGET						
Capital expenditures/equipment	-	-	-	(3,400,000)	-	(3,400,000)
Prepaid rent - Master Lease Agreement	-	-	-	-	-	-
Capital contributions (5% BTCs)	-	-	-	-	-	-
Repayment of debt	-	-	-	(390,000)	-	(390,000)
Total	-	-	-	(3,790,000)	-	(3,790,000)
CASH FLOW ADJUSTMENTS						
Cost of Land Sales	312,300	-	-	-	-	312,300
Prepaid Rental Income	-	-	-	(1,387,319)	-	(1,387,319)
Deferred lease liability	-	-	-	511,932	-	511,932
Line of credit usage	-	-	-	1,000,000	-	1,000,000
Use of reserves	-	-	-	76,941	-	76,941
Depreciation	-	-	-	4,075,000	6,000	4,081,000
Amortization	-	-	-	-	-	-
Net Cash Increase/(Decrease)	\$ 476,423	\$ -	\$ -	\$ 2,230,147	\$ (96,594)	\$ 2,609,976

Buffalo Urban Development Corporation
Proposed 2023 Budget - Northland Corridor Project Breakout

	BUDC	683 WTC, LLC	683 Northland LLC	Eliminations ¹	Northland Corridor Total
REVENUE					
Grant Revenue					
Restore NY 5	\$ 1,600,000	\$ -	\$ -	\$ -	\$ 1,600,000
EDA - Build Back Better	1,000,000	-	-	-	1,000,000
ESD	3,900,000	-	-	-	3,900,000
Loan interest	646,664	-	-	(550,000)	96,664
Rental Income	79,420	-	1,879,742	-	1,959,162
Other Income	-	-	-	-	-
Total	7,226,084	-	1,879,742	(550,000)	8,555,826
OPERATING EXPENSES					
Property Operations & Maintenance	57,852	-	-	-	57,852
Legal	50,000	-	2,500	-	52,500
Insurance	135,000	-	-	-	135,000
Marketing	-	-	-	-	-
Utilities	5,000	-	-	-	5,000
Operating expenses	-	-	5,000	-	5,000
Administrative	937,176	-	72,290	-	1,009,466
Consultants	1,028,500	-	-	-	1,028,500
General Development Expenses	5,000	-	-	-	5,000
Interest	72,000	550,000	173,674	(550,000)	245,674
ECIDA Management Fee	9,500	-	-	-	9,500
Asset Management Fee	-	-	55,000	-	55,000
Audit & Tax	-	60,800	46,000	-	106,800
Loan servicing fees	-	-	21,941	-	21,941
Depreciation	75,000	-	4,000,000	-	4,075,000
Amortization	-	-	-	-	-
Total	2,375,028	610,800	4,376,405	(550,000)	6,812,233
Net Income/(Loss)	4,851,056	(610,800)	(2,496,663)	-	1,743,593
CAPITAL BUDGET					
Capital expenditures/equipment	(3,400,000)	-	-	-	(3,400,000)
Prepaid rent - Master Lease Agreement	-	-	-	-	-
Capital contributions (5% BTCs)	-	-	-	-	-
Repayment of debt	-	-	(390,000)	-	(390,000)
	(3,400,000)	-	(390,000)	-	(3,790,000)
CASH FLOW ADJUSTMENTS					
Prepaid rent (rental income)	-	-	(1,387,319)	-	(1,387,319)
Deferred lease liability	511,932	-	-	-	511,932
Line of credit usage	1,000,000	-	-	-	1,000,000
Deferred interest payments	(550,000)	550,000	-	-	-
Use of/(additions to) reserves	-	-	76,941	-	76,941
Depreciation/amortization	75,000	-	4,000,000	-	4,075,000
Net Cash Increase/(Decrease)	\$ 2,487,988	\$ (60,800)	\$ (197,041)	\$ -	\$ 2,230,147

¹ Eliminations consist of interest revenue/expense between BUDC and 683 WTC, LLC.

Buffalo Urban Development Corporation Proposed 2023 Budget and 3 Year Forecast

REVENUE	Budget 2023	Projected 2024	Projected 2025	Projected 2026
Grant Revenue	\$ 37,655,000	\$ 25,600,000	\$ 15,000,000	\$ 5,000,000
Gross Proceeds from Land Sales	540,000	-	-	-
Less: Cost of Land Sales	(342,300)	-	-	-
Buffalo Brownfield Fund Revenue (net)	40,000	42,000	12,000	12,000
Rental Income	1,959,162	2,059,162	2,059,162	2,059,162
BLCF Maintenance Contribution	5,200	5,200	5,200	5,200
Interest Income & Fees - Loans	96,664	96,664	-	-
Investment Interest Income	16,500	6,000	5,000	4,000
Other Income	-	1,000	1,000	1,000
Total	39,970,226	27,810,026	17,082,362	7,081,362
OPERATING EXPENSES				
Property Operations & Maintenance	76,878	79,310	81,689	81,689
Legal	135,000	110,000	110,000	110,000
Insurance	202,000	150,000	150,000	150,000
Marketing	50,000	50,000	50,000	50,000
Utilities	5,250	5,408	5,570	5,737
Misc.	16,500	10,000	10,000	10,000
Consultants	1,553,500	1,000,000	1,000,000	1,000,000
General Development Expenses	29,770,000	24,600,000	14,000,000	4,000,000
Personnel Costs	519,094	534,667	550,707	567,228
Interest	245,674	203,674	50,000	50,000
Rent	27,000	27,810	28,644	28,644
ECIDA Management Fee	87,000	85,000	85,000	85,000
Audit & Tax	275,300	286,312	297,764	309,675
Operating Expenses	15,000	15,450	15,914	16,391
Grant Expense	937,176	949,938	963,078	976,608
General & Administrative	168,731	173,793	179,007	184,377
Depreciation	4,081,000	4,081,000	4,081,000	4,081,000
Amortization	-	-	-	-
Total	38,165,104	32,362,362	21,658,373	11,706,350
Net Income / (Loss)	\$ 1,805,122	\$ (4,552,336)	\$ (4,576,011)	\$ (4,624,988)
CAPITAL BUDGET				
Capital expenditures/equipment	(3,400,000)	-	-	-
Repayment of debt	(390,000)	-	-	-
Total	(3,790,000)	-	-	-
CASH FLOW ADJUSTMENTS				
Cost of Land Sales	312,300	-	-	-
Prepaid rental income	(1,387,319)	(1,351,696)	(1,321,644)	(1,314,125)
Deferred lease liability	511,932	511,932	511,932	511,932
Use of reserves	76,941	97,847	98,533	99,238
Depreciation/amortization	4,081,000	4,081,000	4,081,000	4,081,000
Net Cash Increase/(Decrease)	\$ 2,609,976	\$ (1,213,252)	\$ (1,206,190)	\$ (1,246,943)

Buffalo Urban Development Corporation

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Item 4.3

MEMORANDUM

TO: Buffalo Urban Development Corporation Board of Directors

FROM: Brandye Merriweather, President
Rebecca Gandour, Executive Vice President

SUBJECT: Northland Central – 612 Northland Lease with Zephyr

DATE: October 25, 2022

Over the past several months BUDC executive staff, through Mancuso Management, have marketed Building “A” at 612 Northland Avenue, which will be vacated by the current tenant, Albright Knox Art Gallery as of November 30, 2022. Zephyr Foundation (“Zephyr”) has provided BUDC with a term sheet outlining its proposed lease of 612 Northland which BUDC executive staff is recommending for approval.

As the Board is aware, BUDC recently completed a transaction with Zephyr in which BUDC sold several parcels of land to Zephyr at Buffalo Lakeside Commerce Park (“BLCP”) for Zephyr’s development of a cannabis facility. Zephyr’s first phase of construction at BLCP has commenced. Zephyr has partnered with Etain, an existing medical cannabis license holder in New York State, to occupy Phase 1 of the project and is working with Zephyr on design work for Phase 2 of its project.

Zephyr’s proposed use of Building “A” is to operate various career training programs within the cannabis industry. Zephyr is currently in discussions with the Northland Workforce Training Center (“NWTC”) regarding the terms of a Memorandum of Understanding for Zephyr and the NWTC to partner on career training programs.

Given the State’s legalization of adult-use cannabis in 2021, this is a rapidly emerging and evolving industry that will require a trained workforce to fill jobs in this new market. Zephyr’s vision aligns with the Workforce Training Center by providing workforce development and employment opportunities to residents of East Buffalo and other communities that have been negatively impacted by past cannabis prohibition. Zephyr’s intended use of Building “A” also further advances its project at BLCP.

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

The principal terms of the proposed lease with Zephyr are as follows:

- A. Landlord: NorDel I, LLC (a subsidiary of BUDC).
- B. Tenant: Zephyr Foundation or an assignee or affiliated company.
- C. Leased Premises: Building “A” at 612 Northland Avenue, totaling approximately 16,000 square feet.
- D. Term: Five years.
- E. Tenant Options to Extend Lease: The Tenant will have one 5-year option to renew the lease at fair market value following the initial 5-year term.
- F. Base Monthly Rent: The Lease will be structured on a triple net basis. The Tenant will pay base monthly rent in the amount of \$8,700.00 for the Term of the Lease. The Tenant will also be responsible for Additional Rent.
- G. Security Deposit: \$8,700.00.
- H. Leasehold Improvements: The Leased Premises is being leased in “as is” condition.
- I. Contingency: Zephyr is required to enter into a Memorandum of Understanding (“MOU”) with the Northland Workforce Training Center regarding Zephyr’s proposed use of the Premises no later than December 1, 2022.

SparkCharge, a current tenant at 683 Northland, also submitted a proposal to relocate its operations to Building “A.” The economic terms of its proposal were identical to the proposal from Zephyr. However, given the strong synergy between Zephyr’s plan for cannabis workforce development and the Northland Workforce Training Center, BUDC staff and the BUDC Real Estate Committee are recommending that the BUDC Board of Directors move forward with a lease with Zephyr. BUDC staff is providing SparkCharge an additional 6-month extension of its current lease in order to give the company additional time to identify other locations in Buffalo for its operations.

ACTION:

We are requesting that the Board of Directors: (i) authorize NorDel I, LLC to enter into a lease with Zephyr upon the terms set forth in this memorandum, including the contingency that Zephyr execute a Memorandum of Understanding with the Northland Workforce Training Center no later than December 1, 2022; and (ii) authorize the President or Executive Vice President to execute a lease agreement with Zephyr and take such other actions as are necessary and appropriate 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 • Atiqa Abidi, Assistant Treasurer • Kevin J. Zanner, Secretary

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Item 4.4

MEMORANDUM

TO: BUDC Board of Directors

**FROM: Brandy Merriweather, President
 Kevin J. Zanner, Secretary**

SUBJECT: Buffalo Building Reuse Loan Program Payment Resolution

DATE: October 25, 2022

On June 15, 2015, the Buffalo Urban Development Corporation (BUDC) entered into a Funds Custodian and Administration Agreement (Agreement) with Pursuit (f/k/a NYBDC Local Development Corporation) to administer the Buffalo Building Reuse Loan Program (BBLRP).

Following staff review of the program and in accordance with Section 11 of the Agreement, BUDC invoiced Pursuit for deal sourcing, screening, approvals, closing and the annual BUDC administrative fee. A detailed break-down of the project loans are below:

Deal sourcing	Main/Cathedral	\$ 5,000
Deal sourcing	Phoenix Brewery	5,000
Deal sourcing	Alexandre Apartments	5,000
Annual fee*	2015	11,250
Annual fee	2016 – 2021	90,000
	Total due	\$ 116,250

* Beginning April 1, 2015, consistent with Administrator annual fee.

BUDC staff requested that Pursuit, as Administrator, approve the payment in accordance with the terms of the Agreement. Pursuit has been paid in full for all their fees. After review, Pursuit asked that the invoice be presented to the BUDC Board as some of the fees go back several years. This item was reviewed by the BUDC Downtown Committee on October 19, 2022 and was recommended for approval.

ACTION: We are requesting that the BUDC Board of Directors approve the invoice and authorize the President or Executive Vice President to take such actions as are necessary to facilitate prompt payment.

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