

Buffalo Urban Development Corporation

95 Perry Street

Suite 404

Buffalo, New York 14203

phone: 716-856-6525

fax: 716-856-6754

web: buffalourbandevelopment.com



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

Date: Tuesday, June 29, 2021

Time: Immediately Following the Annual Meeting of the Members

Place: BUDC Offices
95 Perry Street – 5th Floor Board Room
Buffalo, NY

1.0 CALL TO ORDER

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

3.0 MONTHLY FINANCIAL REPORTS *(Enclosure)*

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

3.2 BUDC Consolidated Financial Statements *(Action)*

4.0 NEW BUSINESS

4.1 Re-appointment of Three Citizen Members *(Action) (Enclosure)*

4.2 2021-2022 Board Committee Appointments *(Action) (Enclosure)*

4.3 2021-2022 Election of Officers *(Action) (Enclosure)*

4.4 683 Northland Avenue – Extension of KeyBank Bridge Financing Facilities
(Action)(Enclosure)

4.5 Northland Central – Phase I Construction Additional HVAC Work Claim *(Action)*

4.6 Ralph C. Wilson, Jr. Centennial Park Project – Great Lakes Commission Funding
Agreement #2 *(Action) (Enclosure)*

4.7 Buffalo Lakeside Commerce Park - Zephyr Investors LSA Due Diligence Extension
(Action)(Enclosure)

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

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

4.10 Northland Beltline Corridor Update *(Information)*

4.11 BBRP / Race For Place Project Update *(Information)*

4.12 308 Crowley 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**

**95 Perry Street
Buffalo, New York
May 25, 2021
12:00 p.m.**

Directors Present:

James Comerford
Janique S. Curry
Dennis W. Elsenbeck
Michael J. Finn
Darby Fishkin
Dottie Gallagher
Thomas Halligan
Thomas A. Kucharski
Amanda Mays
Brendan R. Mehaffy
Kimberley A. Minkel
Darius G. Pridgen
Craig A. Slater

Directors Absent:

Mayor Byron W. Brown (Chair)
Trina Burruss
David J. Nasca
Dennis M. Penman (Vice Chair)
Maria R. Whyte

Officers Present:

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

Guests Present: Tuona Batchelor, Director of Business Assistance, Office of Economic Development, Erie County Environment & Planning; Evan Y. Bussiere, Hurwitz & Fine, P.C.; Peter M. Cammarata, Cammarata Consulting, LLC; Cristina Cordero, Gardiner & Theobald; Paloma Garcia, Michael Van Valkenburgh Associates, Inc.; Jamee Lanthier, ECIDA Compliance Officer; Andrew Rabb, Deputy Commissioner for Parks and Recreation, City of Buffalo; Paul Seck, Michael Van Valkenburgh Associates, Inc.; and J.J. Tighe, Ralph C. Wilson, Jr. Foundation.

- 1.0** **Roll Call** – The meeting was called to order at 12:04 p.m. by Mr. Mehaffy, who served as chair of the meeting. The Secretary called the roll of directors and a quorum of the Board was determined to be present. Mr. Kucharski joined the meeting during the presentation of item 2.0.

The meeting was held via video/telephone conference in accordance with the provisions of Executive Order 202 issued by Governor Andrew Cuomo on March 12, 2020, as amended. The meeting was also live-streamed to the general public and recorded. A transcript of the meeting will be made available at a later date.

- 2.0** **Approval of Minutes – Meeting of April 27, 2021** – The minutes of the April 27, 2021 meeting

of the Board of Directors were presented. Ms. Curry made a motion to approve the meeting minutes. The motion was seconded by Ms. Minkel and unanimously carried (13-0-0).

3.0 Monthly Financial Reports – Ms. Profic presented for information purposes the financial statements for 683 Northland Master Tenant, LLC for the period ending April 30, 2021. She then presented the consolidated financial statements for BUDC and its affiliates, 683 Northland LLC and 683 WTC, LLC for the period ending April 30, 2021. Mr. Comerford made a motion to accept the BUDC consolidated financial statements. The motion was seconded by Mr. Pridgen and unanimously carried (13-0-0).

4.0 New Business

4.1 Ralph C. Wilson, Jr. Centennial Park Project Overview –Ms. Merriweather introduced the Centennial Park project management team for a presentation regarding the project, including an update on the sustainability and maintenance strategy as requested by the Downtown Committee. Mr. Seck and Ms. Garcia of MVVA presented first. The design development stage of the project is now complete. The project is entering the construction documents phase, which will last approximately twelve months. Mr. Seck noted that a great deal of community input regarding the elements to be included in the park was gathered through a series of public meetings. Mr. Seck also provided an overview of the seven design concepts that are being incorporated into the project. Ms. Cordero then explained G&T's role as project manager, noting that part of G&T's role involves working with and coordinating with the multiple regulatory agencies involved in the project.

Mr. Rabb then presented an update on the project sustainability and maintenance. He noted that since the beginning of the project, two project requirements have been stressed—that the project must take a community-driven approach to the park's design, use and access and that the project must include a fully sustainable and funded park maintenance plan. Mr. Rabb noted that the Ralph C. Wilson Parks Conservancy has been formed to manage and preserve the park and will meet in June for the first time. He explained the City of Buffalo's role to provide general park maintenance, refuse removal and pool management, and that additional funding from the endowment fund will fund added amenities, including playgrounds, gardens, and landscaping. The question of what can be maintained with respect to design elements in the Project has been part of all conversations. Mr. Rabb also noted that the City is also looking to address shoreline resiliency with respect to storms, and aims to make the shoreline design sustainable. A vertical seawall will help achieve these goals. J.J. Tighe of the Ralph C. Wilson, Jr. Foundation added that the Foundation has been impressed with the engagement and collaboration among the partners throughout the project. With respect to the project's sustainability, he confirmed that the Foundation's endowment is funded in order to support the park.

Mr. Mehaffy thanked the project team for the detailed presentation and opened the floor to Board member questions and comments. In response to a question from Mr. Pridgen, Mr. Rabb indicated that the construction bid documents will be presented to the Common Council for approval. Mr. Pridgen also commented about constituent concerns relating to present and recurrent flooding in the park and the nearby Harbor Point Commons development and he thanked the project team for addressing resident inquiries. Mr. Halligan asked whether a project labor agreement will be entered into for the construction of the project. Mr. Rabb indicated that discussions are ongoing regarding that issue, M/WBE requirements and other construction requirements.

4.2 Ralph C. Wilson, Jr. Centennial Park – MVVA Master Service Agreement Amendment: Construction Document "Package One" – Ms. Gandour presented her May 25, 2021 memorandum regarding construction document package one, which contains both core park and shoreline elements. Construction document package one will be paid for with funding

from the 4th and 5th grant awards from the Ralph C. Wilson, Jr. Foundation. Mr. Pridgen made a motion to (i) approve an amendment to the Master Service Agreement with MVVA in the amount of \$4,509,042 for preparation of construction document package one in support of the Ralph C. Wilson, Jr. Centennial Park project, and (ii) authorize the BUDC President or BUDC Executive Vice President to execute an amendment to the MVVA Agreement and take such actions as are necessary to implement the authorization. The motion was seconded by Mr. Finn and unanimously carried (11-0-0). Ms. Curry and Ms. Gallagher were not present for this vote.

4.3 Ralph C. Wilson, Jr. Centennial Park – MVVA Master Service Agreement Amendment: Construction Document “Package Two” – Ms. Gandour presented her May 25, 2021 memorandum regarding construction package two, containing both core park and shoreline elements. The design for the shoreline is not yet finalized and more time is needed to secure funding for this package. Ms. Gandour noted that some funding for construction package two will be provided by the Foundation’s 4th grant award, but the grant award will not pay for all of package two. Construction document package two also contains a contingency requiring that a minimum of \$10,000,000 in additional capital funding for the waterfront and seawall be secured before the grant award funding can be released. BUDC is working with its partners to secure and advance the design component and additional funding necessary before MVVA can commence work on construction document package two. Mr. Slater made a motion to (i) approve an amendment to the Master Service Agreement with MVVA in the amount of \$929,386 for preparation of construction document package two in support of the Ralph C. Wilson, Jr. Centennial Park project, with a contingency that additional funds must be secured and approved by the BUDC Board of Directors prior to MVVA’s commencement of the work on package two, and (ii) authorize the BUDC President or BUDC Executive Vice President to execute an amendment to the MVVA Agreement and take such actions as are necessary to implement this authorization. The motion was seconded by Mr. Kucharski and unanimously carried (11-0-0).

4.4 RCWJ Centennial Park – Project Update – Ms. Merriweather noted that this item was covered as part of the project team presentation.

4.5 Northland Corridor - Project Update – Ms. Gandour presented the Northland Beltline Corridor Project update as follows:

Community Solar & Microgrid Project Update: BUDC’s consultant, Frey Electric continues to collect data and advance conversations with National Grid and Frey’s subcontractors in order to develop a scope of work for Phase I, which will include updates to the substation. The team is aiming for the community solar portion of the project to be advanced by the end of 2021.

683 Northland: BUDC’s consulting team has completed and submitted the checklist for LEED certification. Once approved, BUDC will submit to NYSERDA to obtain remaining grant funds of approximately \$30,000.00.

612 Northland: The Albright Knox Art Gallery will begin a new exhibition in the summer focused on African American history and culture and will feature local artists Edreys and Alexa Wajed.

537/541 E. Delavan: BUDC staff continues to explore the restart of construction at 541 E. Delavan.

4.6 BBRP/Race for Place Project Update – Ms. Merriweather presented an update on BBRP and the Race for Place project. She noted that BUDC continues to work with the Mayor’s office and partners at M&T Bank on Race for Place initiatives. BUDC will assist the Office of Strategic Planning in the review of the responses to the RFPs for transportation demand management services and the redevelopment of the Mohawk Ramp site. Work on the entertainment district construction

project continues to advance, along with discussions with BUDC's partners Buffalo Place on business improvement district expansion. Ms. Merriweather noted that she has been invited to discuss Race for Place and the Future of Mobility Report at the Massachusetts Department of Transportation conference on May 27, 2021.

4.7 Buffalo Lakeside Commerce Park – Project Update - Mr. Cammarata presented an update on Buffalo Lakeside Commerce Park as follows:

Zephyr LSA: BUDC has received a request from Zephyr for an extension of the due diligence period to allow for time to fulfill New York State licensing requirements relating to the company's proposed cannabis operation. The Real Estate Committee will review the request at its June 22, 2021 meeting.

255 Ship Canal Parkway: Uniland is eager to close this transaction and proceed with the solar project. BUDC and Uniland are waiting for a decision on the Article 78 proceeding brought by Sonwil challenging the land sale transaction.

193 Ship Canal Parkway: BUDC continues to work with a prospect for this property. A meeting is scheduled with the prospective buyer, consultants and NYSDEC for May 28, 2021.

4.8 308 Crowley – Sale of Land/Building to Enterprise Folding Box – Mr. Cammarata reported that signatures have been secured on the memorandum of agreement with SHPO, with full execution expected today. Once fully executed, the project can move forward with the partial demolition work. Approximately \$506,000 in CDBG funds are available for the partial demolition. Mr. Cammarata also reported that LiRo Engineers is the consultant for the City for this work. Bids for the demolition work will be sought in early June, and anticipate the partial demolition will move forward in July. Mr. Bussiere then provided a brief update on the sale of the cinderblock building at 308 Crowley, noting that due diligence period is about to expire for the purchaser. BUDC has provided the purchaser with the survey and update title for the property and is expecting an updated title commitment next week. The transaction is expected to close quickly once the title commitment is received.

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, upon motion made by Mr. Comerford, seconded by Ms. Minkel and unanimously carried, the May 25, 2021 Board of Directors meeting was adjourned at 1:07 p.m.

Respectfully submitted,



Kevin J. Zanner, Secretary

683 Northland Master Tenant, LLC

Financial Statements

May 31, 2021

(Unaudited)

683 NORTHLAND MASTER TENANT, LLC
Balance Sheet

ASSETS	May 2021	April 2021	December 2020
Current assets:			
Cash	\$ 52,347	\$ 22,701	\$ 56,739
Tenant receivable	112,184	40,247	30,533
Prepaid expenses	<u>34,995</u>	<u>46,207</u>	<u>90,355</u>
Total current assets	199,526	109,155	177,627
Prepaid rent - sublessee	371,710	359,859	306,965
Prepaid leasing commission	202,350	186,966	112,223
Tenant security deposits	82,050	82,050	75,750
Cash reserves	365,860	365,844	375,784
Equipment, net	8,964	8,964	8,964
Prepaid rent - Master Lease Agreement	<u>25,528,601</u>	<u>25,528,601</u>	<u>19,996,180</u>
Total assets	<u>\$ 26,759,061</u>	<u>\$ 26,641,439</u>	<u>\$ 21,053,493</u>
LIABILITIES & MEMBERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 53,324	\$ 80,539	\$ 119,334
Due to related parties	<u>459,034</u>	<u>418,477</u>	<u>381,281</u>
Total current liabilities	512,358	499,016	500,615
Operating deficit loan	49,931	49,931	49,931
Tenant security deposits	82,050	82,050	75,750
Deferred rent liability - Master Lease Agreement	4,496,793	4,380,705	3,916,352
Deferred rent liability - sublessee	6,473,467	6,519,556	6,703,913
Distribution payable - priority return	<u>113</u>	<u>113</u>	<u>148,209</u>
Total noncurrent liabilities	11,102,354	11,032,355	10,894,155
MEMBERS' EQUITY	15,144,349	15,110,068	9,658,723
Total liabilities and net position	<u>\$ 26,759,061</u>	<u>\$ 26,641,439</u>	<u>\$ 21,053,493</u>

683 NORTHLAND MASTER TENANT, LLC
Income Statement

For the Period Ended:

	<u>May 2021</u>	<u>April 2021</u>	<u>December 2020</u>
Revenues:			
Rental revenue	\$ 607,468	\$ 482,372	\$ 1,249,168
Additional rental revenue	275,110	167,586	390,730
Interest and other revenue	105	84	556
Total revenues	<u>882,683</u>	<u>650,042</u>	<u>1,640,454</u>
Expenses:			
Rent expense	783,226	626,581	1,879,742
Payroll	67,494	55,051	149,829
Utilities expense	29,077	23,162	126,631
Insurance expense	49,997	39,998	115,150
Professional fees	52,131	47,704	52,206
Property management fee	27,160	21,493	49,861
Real estate taxes	4,089	4,089	20,645
Repairs and maintenance	54,400	51,136	90,993
Asset management fee	10,000	10,000	10,000
Miscellaneous expense	-	-	7,232
Depreciation expense	-	-	2,429
Total expenses	<u>1,077,574</u>	<u>879,214</u>	<u>2,504,718</u>
Net loss	(194,891)	(229,172)	(864,264)
Members' equity - beginning of period	<u>9,658,723</u>	<u>9,658,723</u>	<u>7,494,530</u>
Change in members' equity	(194,891)	(229,172)	(864,264)
Members' capital contributions	5,680,517	5,680,517	3,176,666
Distributions	-	-	(148,209)
Members' equity - end of period	<u>\$ 15,144,349</u>	<u>\$ 15,110,068</u>	<u>\$ 9,658,723</u>

683 NORTHLAND MASTER TENANT, LLC
Statement of Cash Flows

For the Period Ended:

	<u>May 2021</u>	<u>April 2021</u>	<u>December 2020</u>
Cash flows from operating activities:			
Net loss	\$ (194,891)	\$ (229,172)	\$ (864,264)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	-	-	2,429
Decrease (increase) in assets:			
Tenant receivables	(81,651)	(9,714)	331,081
Prepaid insurance	55,360	44,148	(71,854)
Accrued rental income	(64,745)	(52,894)	(260,970)
Prepaid leasing commission	(90,127)	(74,743)	(112,223)
Prepaid rent - Master Lease Agreement	580,441	464,353	1,445,129
Increase (decrease) in liabilities:			
Security deposit liability	6,300	6,300	36,300
Accounts payable	(66,010)	(38,795)	86,906
Due to related parties	77,753	37,196	58,850
Deferred rent liability - sublessee	(230,446)	(184,357)	(580,483)
Net cash provided (used) by operating activities	<u>(8,016)</u>	<u>(37,678)</u>	<u>70,901</u>
Cash flows from investing activities:			
Equipment purchases	-	-	(3,912)
Net cash used by investing activities	<u>-</u>	<u>-</u>	<u>(3,912)</u>
Cash flows from financing activities:			
Members' contributions	5,680,517	5,680,517	3,176,666
Distributions	(148,096)	(148,096)	(105,026)
Payments of prepaid rent under Master Lease Agreement	(5,532,421)	(5,532,421)	(3,071,640)
Net cash provided by financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	(8,016)	(37,678)	66,989
Cash and restricted cash - beginning of period	<u>508,273</u>	<u>508,273</u>	<u>441,284</u>
Cash and restricted cash - end of period	<u>\$ 500,257</u>	<u>\$ 470,595</u>	<u>\$ 508,273</u>

683 NORTHLAND MASTER TENANT, LLC
Budget to Actual Comparison

	YTD May 2021	YTD Budget 2021	Variance
Revenues:			
Rental revenue	\$ 607,468	\$ 589,167	\$ 18,301
Additional rent revenue	275,110	217,917	57,193
Interest and other revenue	105	208	(103)
Total revenues	<u>882,683</u>	<u>807,292</u>	<u>75,391</u>
Expenses:			
Rent expense	783,226	783,226	0
Payroll	67,494	62,000	5,494
Utilities	29,077	9,583	19,494
Insurance	49,997	51,250	(1,253)
Professional fees	52,131	21,667	30,464
Property management fee	27,160	29,583	(2,423)
Real estate taxes	4,089	20,833	(16,744)
Repairs and maintenance	54,400	47,083	7,317
Asset management fee	10,000	10,000	-
Miscellaneous	-	2,083	(2,083)
Depreciation	-	-	-
Total expenses	<u>1,077,574</u>	<u>1,037,309</u>	<u>40,265</u>
Net income (loss)	\$ (194,891)	\$ (230,018)	\$ 35,127

Budget variances:

- Rental revenue represents base revenue for tenants. \$295,000 (49%) is noncash in the form of either prepaid rent or the s line basis required by generally accepted accounting principles (GAAP). Base rent revenue is slightly ahead of budget due to the Garwood Medical Devices & Bank on Buffalo subleases, which were not contemplated in the original budget.
- Additional rent represents amounts charged to tenants for common area maintenance (CAM) charges, insurance, etc. This is ahead of budget due to the "catch up" nature of these charges. Mancuso Management has billed tenants for 2020 adjustments based on final audited expense figures.
- Utility costs are trending above budget Costs incurred must be paid by the Master Tenant, then billed back to the tenants in the following month.
- Professional fees are above budget year-to-date because some of these costs are one-time costs incurred early in the year (e.g. audit fees).
- Real estate taxes are below budget due to timing of bills. Through May, just the County PILOT has been paid.
- Repairs and maintenance includes snow removal costs (\$28,800), pushing this line in excess of budget through May.

Buffalo Urban Development Corporation
Consolidated Financial Statements
May 31, 2021
(Unaudited)

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

ASSETS	May 2021	April 2021	December 2020
Current assets:			
Cash	\$ 4,229,153	\$ 2,106,666	\$ 370,072
Restricted cash	4,597,451	4,597,476	3,753,356
Grants receivable	11,493,586	12,769,146	13,649,610
Other current assets	6,983,633	6,995,997	7,152,726
Total current assets	<u>27,303,823</u>	<u>26,469,285</u>	<u>24,925,764</u>
Noncurrent assets:			
Loans receivable	9,666,400	9,666,400	10,416,400
Equity investment	178,051	178,051	178,051
Capital assets, net	111,154,325	111,498,783	112,835,377
Land and improvement held for sale, net	4,080,387	4,080,387	4,080,387
Total noncurrent assets	<u>125,079,164</u>	<u>125,423,621</u>	<u>127,510,215</u>
Total assets	<u>\$ 152,382,986</u>	<u>\$ 151,892,906</u>	<u>\$ 152,435,979</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$ 242,855	\$ 164,919	\$ 874,573
Lines of credit	662,099	646,263	1,416,953
Loans payable, current	10,168,331	10,162,092	29,141,944
Unearned grant revenue	17,797,291	16,790,778	13,822,911
Total current liabilities	<u>28,870,577</u>	<u>27,764,052</u>	<u>45,256,381</u>
Note payable	257,381	257,381	257,381
Deferred rent liability	21,031,808	21,147,896	16,079,828
Loans payable, noncurrent	14,185,370	14,185,370	14,099,750
Total noncurrent liabilities	<u>35,474,559</u>	<u>35,590,647</u>	<u>30,436,959</u>
NET POSITION			
Net investment in capital assets	86,886,244	87,236,941	73,759,690
Restricted	3,681,788	3,681,768	4,020,554
Unrestricted	<u>(2,530,181)</u>	<u>(2,380,502)</u>	<u>(1,037,605)</u>
Total net position	<u>88,037,851</u>	<u>88,538,207</u>	<u>76,742,639</u>
Total liabilities and net position	<u>\$ 152,382,986</u>	<u>\$ 151,892,906</u>	<u>\$ 152,435,979</u>

Balance Sheet Notes:

- Overall cash increased due to grant receipts during the month.
- Grants receivable decreased due to receipt of Wilson Foundation grant monies.
- Capital assets decrease is due to monthly depreciation expense.
- Lines of credit: balances at end of March are \$0 BUDC; \$662,099 683 Northland. 683 Northland advanced \$15,836 during the month and BUDC's line is paid down completely at May 31.
- Unearned grant revenue increased \$1 million due to additional grant receivable net of recognized grant revenue.

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

	<u>May 2021</u>	<u>April 2021</u>	<u>December 2020</u>
Operating revenues:			
Grant revenue	\$ 375,420	\$ 330,933	\$ 8,816,375
Brownfield funds	20,234	20,234	171,903
Loan interest and commitment fees	55,719	47,664	152,597
Rental and other revenue	<u>13,606,274</u>	<u>13,433,148</u>	<u>2,033,807</u>
Total operating revenues	<u>14,057,647</u>	<u>13,831,979</u>	<u>11,174,682</u>
Operating expenses:			
Development costs	94,588	76,936	5,294,325
Adjustment to net realizable value	93,769	20,439	418,386
Salaries and benefits	192,843	161,567	546,021
General and administrative	1,327,729	1,106,212	2,091,258
Management fee	52,250	44,050	91,454
Depreciation	<u>1,741,046</u>	<u>1,392,837</u>	<u>4,198,380</u>
Total operating expenses	<u>3,502,224</u>	<u>2,802,040</u>	<u>12,639,824</u>
Operating income (loss)	<u>10,555,423</u>	<u>11,029,938</u>	<u>(1,465,142)</u>
Non-operating revenues (expenses):			
Interest expense	(191,243)	(171,588)	(933,410)
Amortization expense	(31,197)	(24,957)	(74,872)
Interest income	381	328	1,278
Total non-operating revenues (expenses)	<u>(222,058)</u>	<u>(196,218)</u>	<u>(1,007,004)</u>
Change in net position	<u>10,333,365</u>	<u>10,833,721</u>	<u>(2,472,146)</u>
Net position - beginning of period	<u>76,742,639</u>	<u>76,742,639</u>	<u>78,603,896</u>
Add: Capital contribution	961,847	961,847	610,889
Net position - end of period	<u>\$ 88,037,851</u>	<u>\$ 88,538,207</u>	<u>\$ 76,742,639</u>

BUFFALO URBAN DEVELOPMENT CORPORATION
Consolidating Statement of Net Position
May 31, 2021 (Unaudited)

	Buffalo Urban Development Corporation	683 WTC, LLC	683 Northland LLC	Eliminations (1)	Total
ASSETS					
Current assets:					
Cash	\$ 4,196,851	\$ 52	\$ 32,250	\$ -	\$ 4,229,153
Restricted cash	4,168,690	-	428,761	-	4,597,451
Grants receivable	11,493,586	-	-	-	11,493,586
Other current assets	7,680,504	1,515	254,030	(952,415)	6,983,633
Total current assets	27,539,630	1,567	715,041	(952,415)	27,303,823
Noncurrent assets:					
Loans receivable	61,853,679	-	-	(52,187,279)	9,666,400
Equity investment	-	59,498,971	-	(59,320,920)	178,051
Capital assets, net	8,078,844	-	103,075,481	-	111,154,325
Construction in process	-	-	-	-	-
Land and improvement held for sale, net	4,080,387	-	-	-	4,080,387
Total noncurrent assets	74,012,910	59,498,971	103,075,481	(111,508,199)	125,079,164
Total assets	\$ 101,552,540	\$ 59,500,538	\$ 103,790,522	\$ (112,460,614)	\$ 152,382,986
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expense	\$ 219,405	\$ 957,775	\$ 18,091	(952,415)	(1)\$ 242,855
Line of credit	-	-	662,099	-	662,099
Loans payable, current	-	-	10,168,331	-	10,168,331
Unearned grant revenue	17,797,291	-	-	-	17,797,291
Total liabilities	18,016,696	957,775	10,848,521	(952,415)	28,870,577
Noncurrent liabilities:					
Note payable	257,381	-	-	-	257,381
Deferred rent liability	-	-	21,031,808	-	21,031,808
Loans payable, noncurrent	455,370	52,187,279	13,730,000	(52,187,279)	14,185,370
Total noncurrent liabilities	712,751	52,187,279	34,761,808	(52,187,279)	35,474,559
NET POSITION					
Net investment in capital assets	7,709,094	-	79,177,150	-	86,886,244
Restricted	3,681,788	-	-	-	3,681,788
Unrestricted	71,432,212	6,355,484	(20,996,957)	(59,320,920)	(2,530,181)
Total net position	82,823,093	6,355,484	58,180,193	(59,320,920)	88,037,851
Total liabilities and net position	\$ 101,552,540	\$ 59,500,538	\$ 103,790,522	\$ (112,460,614)	\$ 152,382,986

(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 May 31, 2021 (Unaudited)

	Buffalo Urban Development Corporation	683 WTC, LLC	683 Northland LLC	Eliminations (1)	Total
Operating revenues:					
Grant revenue	\$ 375,420	\$ -	\$ -	\$ -	\$ 375,420
Brownfield funds	20,234	-	-	-	20,234
Loan interest and commitment fees	55,719	-	-	-	55,719
Rental and other revenue	96,982	12,719,974	789,318	-	13,606,274
Proceeds from land sales, net	-	-	-	-	-
Total operating revenue	<u>548,356</u>	<u>12,719,974</u>	<u>789,318</u>	<u>-</u>	<u>14,057,647</u>
Operating expenses:					
Development costs	94,588	-	-	-	94,588
Adjustment to net realizable value	93,769	-	-	-	93,769
Salaries and benefits	192,843	-	-	-	192,843
General and administrative	1,223,388	5,360	98,981	-	1,327,729
Management fee	41,000	-	11,250	-	52,250
Depreciation	-	-	1,741,046	-	1,741,046
Total operating expenses	<u>1,645,587</u>	<u>5,360</u>	<u>1,851,277</u>	<u>-</u>	<u>3,502,224</u>
Operating income	(1,097,231)	12,714,614	(1,061,959)	-	10,555,423
Non-operating revenues (expenses):					
Interest expense	(9,607)	-	(181,636)	-	(191,243)
Amortization expense	-	-	(31,197)	-	(31,197)
Interest income	201	52	127	-	381
Total non-operating revenues (expenses)	<u>(9,405)</u>	<u>52</u>	<u>(212,706)</u>	<u>-</u>	<u>(222,058)</u>
Change in net position	(1,106,637)	12,714,666	(1,274,665)	-	10,333,365
Net position - beginning of year	83,929,730	(6,359,182)	44,635,017	(45,462,926)	76,742,639
Add: capital contributions	-	-	14,819,841	(13,857,994)	961,847
Net position - end of period	<u>\$ 82,823,093</u>	<u>\$ 6,355,484</u>	<u>\$ 58,180,193</u>	<u>\$ (59,320,920)</u>	<u>\$ 88,037,851</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 May 31, 2021 (Unaudited)

	YTD May 2021	YTD Budget 2021	Variance
Operating revenues:			
Grant revenue	\$ 375,420	\$ 3,771,528	\$ (3,396,108)
Brownfield funds	20,234	34,583	(14,349)
Loan interest and commitment fees	55,719	40,277	15,443
Rental and other revenue	13,606,274	836,685	12,769,588
Proceeds from land sales, net	-	(24,119)	24,119
Total operating revenues	<u>14,057,647</u>	<u>4,658,954</u>	<u>9,398,693</u>
Operating expenses:			
Development costs	94,588	328,238	(233,650)
Salaries and benefits	192,843	222,358	(29,515)
General and administrative	1,327,729	2,465,360	(1,137,631)
Management fee	52,250	42,917	9,333
Depreciation	1,741,046	1,916,667	(175,621)
Total operating expenses	<u>3,408,456</u>	<u>4,975,538</u>	<u>(1,567,083)</u>
Operating income (loss)	10,649,192	(316,584)	10,965,776
Non-operating revenues (expenses):			
Interest expense	(191,243)	(303,615)	112,372
Amortization expense	(31,197)	(31,197)	0
Interest income	381	417	(36)
Total non-operating revenues (expenses)	<u>(222,058)</u>	<u>417</u>	<u>(36)</u>
Change in net position	<u>\$ 10,427,133</u>	<u>\$ (316,167)</u>	<u>\$ 10,965,740</u>

Budget variances:

- Grant revenue relates to Northland Corridor and Ralph C. Wilson, Jr. Centennial Park Projects. The variance is due to lower grant revenue anticipated. Work at 541 E Delavan has been on pause and Centennial Park has completed Design Development.
- 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 2018 Brownfield tax credit refund to 683 WTC, LLC of \$12.7 million.
- Development costs consist of property/project-related costs (e.g. construction, operations and maintenance, legal and utility costs) related to projects along Northland Avenue. Some costs will be capitalized upon project completion.
- General and administrative costs consist of consultants, insurance, rents, audit, marketing and other G&A costs. Rents include BUDC offices, Buffalo Manufacturing Works base rent (part of ESD grant agreement) and recognition of prepaid rent for Workforce Training Center
- Consultant costs for Ralph C. Wilson, Jr. Centennial Park are also captured here.
- Depreciation relates mainly to capitalized assets at 683 Northland Avenue.
- Interest expense represents costs of borrowing related to construction of 683 Northland Ave. and lines of credit of BUDC and 683 Northland

Buffalo Urban Development Corporation

95 Perry Street

Suite 404

Buffalo, New York 14203

phone: 716-856-6525

fax: 716-856-6754

web: buffalourbandevelopment.com



Item 4.1

MEMORANDUM

TO: BUDC Board of Directors

FROM: Mayor Byron W. Brown, Chairman

RE: Re-Appointment of Three Citizen Members

DATE: June 29, 2021

I am advising the BUDC Board of Directors of my decision to re-appoint Janique Curry, Trina Burruss and Thomas Halligan as Citizen Members and Directors of BUDC. Their new terms will begin effective as of the June 29, 2021 Board meeting and continue until the Annual Meeting in June of 2024, and until their successors are duly appointed. I very much appreciate the wisdom and dedication that each of these members have given to the Board over their respective years of service.

BUDC BOARD MEETING OF THE DIRECTORS

QUORUM = 10

	Board of Directors Name	Phone	RSVP	Term Expires	Committee
1	Hon. Byron W. Brown <i>(Bernadette Taylor)</i>	851-4841		<i>ex-officio</i>	Governance
2	Hon. Darius Pridgen <i>(Marc Pope)</i>	851-9668 851-9668		<i>ex-officio</i>	Downtown
3	Trina Burruss <i>(No Assistant)</i>	730-4240 604-4831		6/30/24	Audit & Finance Downtown
4	James Comerford, Jr. <i>(Davette Patton)</i>	851-4972 854-0172		<i>ex-officio</i>	Audit & Finance Downtown
5	Janique S. Curry <i>(No Assistant)</i>	387-1937		6/30/24 BBRC	Audit & Finance Real Estate
6	Dennis W. Elsenbeck <i>(No Assistant)</i>	861-1660		6/30/23	Governance
7	Mike Finn <i>(Marren Miller)</i>	851-5636		<i>ex-officio</i>	Downtown
8	Darby Fishkin <i>(No Assistant)</i>	259-9982		6/30/23	Downtown
9	Dottie Gallagher <i>(Kathleen Sullivan)</i>	852-2762 541-1728		<i>ex-officio</i>	Downtown Loan Committee
10	Thomas Halligan <i>(No Assistant)</i>	481-9314		6/30/24	Governance
11	Thomas Kucharski <i>(Kari Bonaro)</i>	480-3912 541-1708		<i>ex-officio</i> BBRC	Governance - Chair Real Estate
12	Amanda Mays <i>Sonia Lombardo</i>	846-8212 846-8233		<i>ex-officio</i>	Governance Downtown
13	Brendan Mehaffy <i>(Lanette Boulware)</i>	851-5059		<i>ex-officio</i> BBRC	Downtown - Chair Governance Loan Committee - Chair Real Estate
14	Kimberley A. Minkel <i>(Lara Seniw)</i>	855-7230 855-7369		<i>ex-officio</i> BBRC	Real Estate Downtown
15	David Nasca <i>(Michelle Baumgarden)</i>	926-2002 926-2032		6/25/22	Audit & Finance
16	Dennis Penman <i>(No Assistant)</i>	860-3030		6/25/22 BBRC	Audit & Finance - Chair Real Estate Governance
17	Craig Slater <i>(Emily Slater)</i>	845-6760		6/25/22 BBRC	Real Estate - Chair
18	Maria Whyte <i>(Kara Nicotra)</i>	858-2932 858-7643		<i>ex-officio</i> BBRC	Real Estate
19	TBD - Pending Appointment from the County of Erie			<i>ex-officio</i>	

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Item 4.2

Slate of 2021-2022 BUDC Board Committee Members

Audit & Finance (5)

Burruss

Comerford

Curry

Nasca

Penman (Chair)

Governance (7)

Brown

Elsenbeck

Halligan

Kucharski (Chair)

Mays

Mehaffy

Penman

Real Estate (7)

Curry

Kucharski

Mehaffy

Minkel

Penman

Slater (Chair)

Whyte

Downtown (9)

Burruss

Comerford

Finn

Fishkin

Gallagher

Mays

Mehaffy (Chair)

Minkel

Pridgen

Loan (2)

Gallagher

Mehaffy (Chair)

Adam Perry (Downtown Committee Chair Appointee)

James Rykowski (Evans Bank)*

Mike Anthony (M&T Bank)*

Joseph Burden (HSBC)*

Russ Genter (KeyBank)*

** These Loan Committee Members are appointed by their respective organizations.*

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Item 4.3

2021 – 2022

Buffalo Urban Development Corporation

Slate of Officers

Chairman:	Hon. Byron W. Brown, Mayor
Vice Chairman:	Dennis Penman
President:	Brandye Merriweather
Executive Vice President:	Rebecca Gandour
Secretary:	Kevin J. Zanner, Esq.
Treasurer:	Mollie Profic
Assistant Treasurer:	Atiqa Abidi

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Item 4.4

MEMORANDUM

TO: Buffalo Urban Development Corporation Board of Directors

FROM: Rebecca Gandour, Executive Vice President

SUBJECT: 683 Northland Avenue – Extension of KeyBank Bridge Financing Facilities

DATE: June 29, 2021

As part of the 683 Northland tax credits transaction, the BUDC Board of Directors authorized 683 Northland LLC to borrow the sum of thirty million dollars from KeyBank to serve as construction bridge financing for the project.

Repayment of the KeyBank loan was to be made from the proceeds of the Historic Preservation and Brownfield Cleanup Program (BCP) tax credits. To date, approximately 20 million dollars of the KeyBank loan has been repaid, leaving a balance due of \$10,180,810. As the Board is aware, delays associated with the receipt of tax credit equity installments and BCP tax refund payments have impacted the project financing, which required BUDC to obtain a \$1,000,000 line of credit through KeyBank. The current balance on the line of credit is \$662,099.

Over the last several weeks, BUDC staff has engaged KeyBank regarding an extension of the construction bridge loan, which is due at the end of this month, and an extension of the draw period under the line of credit beyond June 30th. As a result of those discussions, KeyBank has issued two term sheets. The first term sheet will serve to extend the term of the construction loan through December 31, 2022. The terms of the loan extension are unchanged from the current financing and include the following:

- Monthly interest-only payments, with a balloon payment due as of December 31, 2022
- An interest rate of 175 basis points (bp) over the 1 month LIBOR, (same rate as original loan)
- No pre-payment penalty
- No new collateral; continuation of KeyBank's current lien position
- Continuing guaranty of BUDC of the loan
- Loan fee of \$15,271
- Investor consent, to the extent applicable

KeyBank also issued a term sheet to extend the draw period under the line of credit through December 31, 2022. The terms of the line of credit extension are similar to the original line, except that the line of credit facility will terminate as of December 31, 2022 to be consistent with the construction loan and the interest rate is a half-percent higher (Overnight LIBOR, plus 2.75%). The fee for the extension is \$5000.

The term sheets were reviewed with members of the Audit & Finance Committee, who expressed support for moving forward with the proposed credit extensions.

Action:

We are requesting that the Board of Directors:

- (i) approve an eighteen (18) month extension of the KeyBank construction bridge loan in accordance with the Key Bank term sheet and upon such additional terms and conditions as the President or Executive Vice President determine are commercially reasonable and consistent with the term sheet;
- (ii) approve an eighteen (18) month extension of the draw period for the KeyBank line of credit in accordance with the KeyBank term sheet and upon such additional terms and conditions as the President or Executive Vice President determine are commercially reasonable and consistent with the term sheet; and
- (iii) authorize the President or Executive Vice President to execute and deliver such agreements and documents and to take such actions on behalf of 683 Northland LLC, BUDC and any related BUDC entities as may be reasonably necessary or appropriate to implement this action.

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95 Perry Street
Suite 404
Buffalo, New York 14203
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fax: 716-856-6754

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Item 4.6

MEMORANDUM

TO: BUDC Board of Directors

FROM: Brandye Merriweather, BUDC President

SUBJECT: Ralph C. Wilson, Jr. Centennial Park – GLC Grant Agreement #2

DATE: June 29, 2021

In June 2020, the BUDC Board of Directors authorized the acceptance of a \$1,000,000 grant from the Great Lakes Commission (“GLC”) to pay engineering and design costs related to shoreline restoration at Ralph C. Wilson, Jr. Centennial Park. GLC has approximately \$238,000 in additional funding available to award to BUDC for additional work and analysis needed with respect to the inlet portion of the Park.

It is anticipated that the grant agreement for these funds will include terms similar to those from the first grant agreement entered into by BUDC and GLC. This includes the grant funding being subject to the federal grant requirements of the United States Department of Commerce, which will apply to BUDC in its administration of the grant as well as to each subcontractor or other entity that is paid with the funds. BUDC will pass on these federal grant obligations to Michael Van Valkenburgh Associates, Inc. (“MVVA”) through an amendment to the Master Service Agreement which will detail these requirements.

ACTION:

We are requesting that the BUDC Board of Directors: (i) approve the acceptance by BUDC of an approximately \$238,000 grant from the Great Lakes Commission to pay for design costs associated with respect to the inlet restoration at Ralph C. Wilson, Jr. Centennial Park; (ii) authorize each of the President and Executive Vice President to execute a grant agreement with GLC; (iii) authorize each of the President and Executive Vice President to execute an amendment to the Master Service Agreement with MVVA in order to pass through the grant obligations to MVVA; and (iv) take such other actions as are necessary or appropriate to implement this authorization.

Buffalo Urban Development Corporation

95 Perry Street
Suite 404
Buffalo, New York 14203
phone: 716-856-6525
fax: 716-856-6754

Buffalo Urban Development Corporation

web: buffalourbandevelopment.com



Item 4.7

MEMORANDUM

TO: BUDC Board of Directors

FROM: Brandye Merriweather, BUDC President

SUBJECT: Zephyr Investors, LLC Land Sale Agreement—Extension of Due Diligence Period

DATE: June 29, 2021

The due diligence period with respect to the Land Sale Agreement (the “Agreement”) between BUDC and Zephyr Investors, LLC (“Zephyr”) currently runs through July 31, 2021. Zephyr has requested an additional extension of the due diligence period in order to obtain an operating license under the Marijuana Regulation and Taxation Act (the “MRTA License”). Zephyr is proposing that the due diligence period be extended until the earlier of the first to occur: (i) July 31, 2022 or (ii) 120 days from the date that Zephyr obtains its MRTA license.

In consideration for the proposed extension, Zephyr has offered to pay a non-refundable monthly extension fee to BUDC in the amount of \$1,000 for each month of the extended due diligence period. The monthly fees will not be applied as a credit against the purchase price at closing. BUDC will have the right to terminate the Agreement if Zephyr is unable to obtain the MRTA License on or before July 31, 2022.

The proposed amendment was reviewed by the Real Estate Committee at its June 22, 2021 meeting and is recommended for Board approval.

ACTION:

We are requesting that the BUDC Board of Directors approve the extension of the due diligence period to extend the due diligence period consistent with the terms outlined in this memorandum and authorize the President or Executive Vice President to execute an amendment to the Agreement and take such other actions as are necessary or appropriate to implement this action.