

Buffalo Urban Development Corporation

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

Date: Tuesday, July 26, 2022

Time: Noon

Via Conference Call

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 BUDC and Related Entities Audit & Tax Services *(Action) (Enclosure)*

4.2 Buffalo Lakeside Commerce Park – Preliminary Agreement with The Krog Group, LLC Relating to 193 Ship Canal Parkway *(Action) (Enclosure)*

4.3 Buffalo’s Race For Place – COB/BUDC Pass Through Agreement *(Action) (Enclosure)*

4.4 Northland Beltline Corridor - NWTC/ESD/BUDC Memorandum of Understanding *(Action) (Enclosure)*

4.5 Northland Beltline Corridor Update *(Information)*

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

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

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

5 LATE FILES

6 TABLED ITEMS

7 EXECUTIVE SESSION

8 ADJOURNMENT *(Action)*

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

Via Video Conference Call & Live Stream Audio

**June 28, 2022
12:00 p.m.**

Directors Present:

Catherine Amdur
Dan Castle
Janique S. Curry
Dennis W. Elsenbeck
Michael J. Finn
Darby Fishkin
Thomas Halligan
Thomas A. Kucharski
Brendan R. Mehaffy
Kimberley A. Minkel
David J. Nasca
Dennis M. Penman (Vice Chair)
Darius G. Pridgen
Karen Utz

Directors Absent:

Hon. Byron W. Brown (Chair)
Trina Burruss
Dottie Gallagher
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: Thomas Baines, Deputy Commissioner of Planning & Economic Development, Erie County; Cristina Cordero, Gardiner & Theobald; Zaque Evans, Senior Economic Development Specialist, Erie County Executive's Office; Alexis M. Florczak, Hurwitz Fine P.C.; Soma Hawramee, ECIDA Compliance Officer; Laurie Hendrix, ECIDA Administrative Coordinator; and Antonio Parker, BUDC Project Manager.

- 1.0 Roll Call** – The meeting was called to order at 12:13 p.m. by Vice Chair Dennis Penman. The Secretary called the roll and a quorum of the Board was determined to be present. Mr. Mehaffy joined the meeting during the presentation of item 3.1. Mr. Halligan joined the meeting during the presentation of item 4.1. Ms. Curry left the meeting during the presentation of item 4.1 and rejoined the meeting during the presentation of item 4.3. Mr. Pridgen left the meeting following the vote on item 4.5.

The meeting was held via Zoom in accordance with the provisions of Article 7 of the Public Officers Law, as amended effective January 14, 2022, which authorizes public bodies to conduct meetings and take such action authorized by law without permitting in public in-person access to meetings and to authorize

such meetings to be held remotely by conference call or similar service, provided that the public has the ability to view or listen to such proceeding and that such meetings are recorded and later transcribed.

2.0 Reading of the Minutes – The minutes of the May 31, 2022 meeting of the Board of Directors were presented. Mr. Castle made a motion to approve the meeting minutes. The motion was seconded by Mr. Kucharski 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 May 31, 2022. She then presented the consolidated financial statements for BUDC and its affiliates, 683 Northland LLC and 683 WTC, LLC for the period ending May 31, 2022. Ms. Curry made a motion to accept the BUDC consolidated financial statements. The motion was seconded by Mr. Finn and unanimously carried (13-0-0).

4.0 New Business

4.1 Appointment and Re-appointment of Citizen Board Members – Ms. Merriweather presented Mayor Brown’s June 28, 2022 memorandum to the Board regarding his re-appointment of Dennis Penman as a citizen member and director of BUDC. The memorandum also proposes the re-appointment of David Nasca and appointment of Elizabeth Holden as citizen members and directors of BUDC. This item was presented at the June 2022 Governance Committee meeting and is recommended for approval. Mr. Kucharski made a motion to: (i) approve the re-appointment of David Nasca as a citizen member and director of BUDC for a term of three (3) years and until his successor is duly elected, and (ii) approve the appointment of Elizabeth Holden as a citizen member and director of BUDC for a term of three (3) years and until her successor is duly elected. The motion was seconded by Mr. Mehaffy and unanimously carried (13-0-0).

4.2 2022-2023 Committee Appointments – Ms. Merriweather presented the proposed slate of Committee appointments for 2022-2023. Two modifications to the committee slate were noted to reflect that Catherine Amdur will serve on the Audit & Finance Committee, and Dan Castle will continue to serve on the Downtown Committee. Mr. Kucharski made a motion to approve the proposed slate of Committee appointments as amended. The motion was seconded by Ms. Fishkin and unanimously carried (13-0-0). The Committee appointments made by the Board are as follows:

Downtown Committee: Catherine Amdur; Trina Burruss; Michael Finn; Darby Fishkin, Dottie Gallagher; Brendan R. Mehaffy (*Committee Chair*); Kimberley A. Minkel; Darius G. Pridgen; and Dan Castle.

Governance Committee: Hon. Byron W. Brown; Dennis W. Elsenbeck; Thomas Halligan; Thomas A. Kucharski (*Committee Chair*); Brendan R. Mehaffy; and Dennis M. Penman.

Audit & Finance Committee: Catherine Amdur; Trina Burruss; Janique S. Curry; David J. Nasca; and Dennis M. Penman (*Committee Chair*).

Real Estate Committee: Janique S. Curry; Elizabeth Holden; Thomas A. Kucharski; Brendan R. Mehaffy; Kimberley A. Minkel (*Committee Chair*); Dennis M. Penman; Maria R. Whyte.

Loan Committee: Dottie Gallagher; and Brendan R. Mehaffy (*Committee Chair*).

4.3 2022-2023 Election of Officers – Mr. Kucharski presented the following proposed slate of officers of BUDC as set forth in his June 28, 2022 memorandum to the Board of Directors:

Chair:	Hon. Byron W. Brown
Vice Chair:	Dennis M. Penman
President:	Brandye Merriweather
Vice President:	Rebecca Gandour
Treasurer:	Mollie M. Profic
Assistant Treasurer:	Atiqa Abidi
Secretary:	Kevin J. Zanner

Upon motion made by Mr. Kucharski, seconded by Mr. Nasca and unanimously carried (14-0-0), the foregoing slate of officers was approved, with each officer to serve a term of one (1) year and until his or her successor has been elected or appointed.

4.4 Ralph C. Wilson, Jr. Centennial Park – Great Lakes Commission Funding

Agreement #3 – Mr. Parker presented his June 28, 2022 memorandum regarding the third Great Lakes Commission (GLC) grant funding agreement. Following the presentation, Mr. Pridgen made a motion to: (i) approve the acceptance by BUDC of an approximately \$874,783 grant from the Great Lakes Commission in support of Phase 1 construction of shoreline elements at Ralph C. Wilson, Jr. Centennial Park; (ii) authorize BUDC to enter into a subgrant agreement with the City of Buffalo to allow BUDC to move funds to the City for shoreline construction, and to pass through the federal grant obligations in the GLC Grant Agreement; and (iii) authorize the President or Executive Vice President to execute the GLC Grant Agreement and subgrant agreement with the City of Buffalo in order to pass through the funding and grant obligations and take such other actions as are necessary or appropriate to implement this authorization. The motion was seconded by Mr. Nasca and unanimously carried (14-0-0).

4.5 Buffalo's Race for Place – Waterfront Strategic Placemaking Plan Grant Acceptance

– Ms. Merriweather presented her June 28, 2022 memorandum on the Waterfront Streetscape Planning Grant in furtherance of Buffalo's Race for Place. Following the presentation, Mr. Finn made a motion to: (i) accept the \$75,000 grant award from Empire State Development; and (ii) authorize the BUDC President or Executive Vice President to execute the Grant Agreement and take such other actions as are necessary to implement this authorization. The motion was seconded by Mr. Castle and carried with thirteen affirmative (13-0-1). Ms. Utz abstained from the vote.

- 4.6 BBRP/Buffalo's Race for Place Project Update** – Ms. Merriweather presented an update on BBRP and the Race for Place project. BUDC is working with the Department of Public Works to pass through a \$250,000 grant award from National Grid to the City for the Court Street infrastructure improvements project. BUDC is working with Project for Public Spaces, Department of Public Works and GoBike Buffalo regarding implementation of Ellicott Street Placemaking Grant award to install lighting in the underpass and other pedestrian-friendly elements around the Buffalo and Erie County Public Library. It is anticipated that this work will wrap up in early fall. Ms. Merriweather also updated the Board regarding recent collaborative efforts with Invest Buffalo Niagara.

4.7 Waterfront/RCWJ Centennial Park – Project Update

– Mr. Parker introduced Cristina Cordero from Gardiner & Theobald to present an update on the Centennial Park project. Ms. Cordero summarized the milestones completed to date, and noted that the 100% Construction Documents milestone will be complete in August 2022. Ms. Cordero noted that Gilbane was selected by the City of Buffalo to serve as the construction manager for the Project and was approved by Common Council at its June 14th meeting. It is anticipated that pre-construction services will span four to six months. Groundbreaking for the Centennial Park project will take place July 19th and will include a press conference and community open house event.

4.8 Buffalo Lakeside Commerce Park – Project Update – Ms. Gandour presented an update regarding Buffalo Lakeside Commerce Park. BUDC and Zephyr are working through pre-closing requirements. BUDC staff continues to keep in touch with potential prospects for land sales at BLCP. Ms. Gandour also noted that Phil Riggs at ECIDA is retiring July 1st and that Phil's replacement will continue to assist BUDC with coordinating property management at BLCP.

4.9 Northland Beltline Corridor - Project Update – Ms. Gandour presented an update on the Northland Beltline Corridor. Ms. Gandour attended the EDA Build Back Better conference in Washington, D.C. EDA has reached out to BUDC regarding additional questions on its application and BUDC is working to provide the requested information to EDA. Frey Electric has advanced paperwork for the National Grid engineering study. The Mancuso Group continues to oversee property maintenance for the Northland Corridor.

4.10 308 Crowley Project Update – Ms. Gandour reported on the closing of the sale of the last remaining parcel of land at 308 Crowley to Douglas Development. BUDC is excited to see the re-development of this parcel and thanked all of the stakeholders and participants for their assistance with this project.

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. Halligan, seconded by Ms. Minkel and unanimously carried, the June 28, 2022 Board of Directors meeting was adjourned at 12:53 p.m.

Respectfully submitted,

Kevin J. Zanner, Secretary

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

683 NORTHLAND MASTER TENANT, LLC
Balance Sheet

ASSETS	June 2022	May 2022	December 2021
Current assets:			
Cash	\$ 295,505	\$ 206,489	\$ 107,787
Tenant receivable	103,558	95,863	74,685
Prepaid expenses	<u>35,804</u>	<u>50,547</u>	<u>106,662</u>
Total current assets	434,867	352,899	289,134
Prepaid rent - sublessee	462,627	456,574	426,309
Prepaid leasing commission	203,463	205,875	217,938
Tenant security deposits	84,875	84,871	84,854
Cash reserves	356,057	356,042	365,968
Equipment, net	24,925	6,535	6,535
Prepaid rent - Master Lease Agreement	<u>25,528,601</u>	<u>25,528,601</u>	<u>25,528,601</u>
Total assets	<u>\$ 27,095,415</u>	<u>\$ 26,991,397</u>	<u>\$ 26,919,339</u>
LIABILITIES & MEMBERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 106,299	\$ 33,711	\$ 144,550
Due to related parties	<u>254,935</u>	<u>254,935</u>	<u>254,935</u>
Total current liabilities	361,234	288,646	399,485
Operating deficit loan	132,359	132,359	132,359
Tenant security deposits	84,850	84,850	84,854
Deferred rent liability - Master Lease Agreement	6,007,039	5,890,767	5,309,411
Deferred rent liability - sublessee	5,874,302	5,920,391	6,150,839
Distribution payable - priority return	<u>263,941</u>	<u>263,941</u>	<u>263,941</u>
Total noncurrent liabilities	12,362,491	12,292,308	11,941,404
MEMBERS' EQUITY	14,371,690	14,410,443	14,578,450
Total liabilities and net position	<u>\$ 27,095,415</u>	<u>\$ 26,991,397</u>	<u>\$ 26,919,339</u>

683 NORTHLAND MASTER TENANT, LLC
Income Statement

Year-to-Date For the Period Ended:

	<u>June 2022</u>	<u>May 2022</u>	<u>December 2021</u>
Revenues:			
Rental revenue	\$ 733,068	\$ 610,890	\$ 1,468,498
Additional rental revenue	401,679	340,619	648,676
Interest and other revenue	153	126	261
Total revenues	<u>1,134,900</u>	<u>951,635</u>	<u>2,117,435</u>
Expenses:			
Rent expense	939,871	783,226	1,879,742
Payroll	70,220	56,888	149,471
Utilities expense	44,004	34,533	150,924
Insurance expense	60,951	50,792	120,629
Professional fees	45,535	41,872	85,899
Property management fee	34,866	29,055	67,515
Real estate taxes	4,081	4,081	19,626
Repairs and maintenance	132,132	109,195	120,242
Asset management fee	10,000	10,000	10,000
Miscellaneous expense	-	-	7,920
Depreciation expense	-	-	2,429
Total expenses	<u>1,341,660</u>	<u>1,119,642</u>	<u>2,614,397</u>
Net loss	(206,760)	(168,007)	(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	(206,760)	(168,007)	(496,962)
Members' capital contributions	-	-	5,680,517
Distributions	-	-	(263,828)
Members' equity - end of period	<u>\$ 14,371,690</u>	<u>\$ 14,410,443</u>	<u>\$ 14,578,450</u>

683 NORTHLAND MASTER TENANT, LLC
Statement of Cash Flows

Year-to-Date For the Period Ended:

	<u>June 2022</u>	<u>May 2022</u>	<u>December 2021</u>
Cash flows from operating activities:			
Net loss	\$ (206,760)	\$ (168,007)	\$ (496,962)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	-	-	2,429
Decrease (increase) in assets:			
Tenant receivables	(28,873)	(21,178)	(44,152)
Prepaid insurance	70,858	56,115	(16,307)
Accrued rental income	(36,318)	(30,265)	(119,344)
Prepaid leasing commission	14,475	12,063	(105,715)
Prepaid rent - Master Lease Agreement	697,628	581,356	1,393,059
Increase (decrease) in liabilities:			
Security deposit liability	(4)	(4)	9,104
Accounts payable	(38,251)	(110,839)	25,216
Due to related parties	-	-	(126,346)
Operating deficit loan	-	-	82,428
Deferred rent liability - sublessee	(276,537)	(230,448)	(553,074)
Net cash provided (used) by operating activities	<u>196,218</u>	<u>88,793</u>	<u>50,336</u>
Cash flows from investing activities:			
Equipment purchases	(18,390)	-	-
Net cash used by investing activities	<u>(18,390)</u>	<u>-</u>	<u>-</u>
Cash flows from financing activities:			
Members' contributions	-	-	5,680,517
Distributions	-	-	(148,096)
Payments of prepaid rent under Master Lease Agreement	-	-	(5,532,421)
Net cash provided by financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	177,828	88,793	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>\$ 736,437</u>	<u>\$ 647,402</u>	<u>\$ 558,609</u>

683 NORTHLAND MASTER TENANT, LLC
Budget to Actual Comparison

	<u>YTD June 2022</u>	<u>YTD Budget 2022</u>	<u>Variance</u>
Revenues:			
Rental revenue	\$ 733,068	\$ 736,476	\$ (3,408)
Additional rent revenue	401,679	317,500	84,179
Interest and other revenue	153	250	(97)
Total revenues	<u>1,134,900</u>	<u>1,054,226</u>	<u>80,675</u>
Expenses:			
Rent expense	939,871	939,871	-
Payroll	70,220	86,880	(16,660)
Utilities	44,004	46,000	(1,996)
Insurance	60,951	61,500	(549)
Professional fees	45,535	34,000	11,535
Property management fee	34,866	37,000	(2,134)
Real estate taxes	4,081	12,000	(7,919)
Repairs and maintenance	132,132	106,000	26,132
Asset management fee	10,000	5,000	5,000
Miscellaneous	-	2,500	(2,500)
Depreciation	-	1,215	(1,215)
Total expenses	<u>1,341,660</u>	<u>1,331,966</u>	<u>9,694</u>
Net income (loss)	\$ (206,760)	\$ (277,741)	\$ 70,981

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.
- Professional fees include tax/audit, legal, consulting, and leasing commissions. Tax/audit costs are typically front loaded and therefore ahead of budget.
- Repairs and maintenance includes building automation system costs and snow removal, and are ahead of budget due to timing (snow removal season begins and ends the calendar year) and some one-time costs (e.g. window washing).

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

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

	June 2022	May 2022	December 2021
ASSETS			
Current assets:			
Cash	\$ 3,430,386	\$ 4,155,605	\$ 2,817,690
Restricted cash	4,211,893	4,222,916	4,487,462
Grants receivable	13,596,777	13,614,227	10,160,553
Other current assets	6,384,438	6,342,376	6,626,745
Total current assets	<u>27,623,494</u>	<u>28,335,124</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	106,761,362	107,109,905	108,785,225
Land and improvement held for sale, net	3,291,924	3,336,886	3,363,434
Total noncurrent assets	<u>119,897,737</u>	<u>120,291,242</u>	<u>121,993,110</u>
Total assets	<u>\$ 147,521,231</u>	<u>\$ 148,626,366</u>	<u>\$ 146,085,560</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$ 617,800	\$ 832,616	\$ 959,332
Lines of credit	677,158	677,158	677,158
Loans payable, current	2,992,373	3,039,633	10,180,810
Unearned grant revenue	18,984,155	19,471,577	14,373,673
Total current liabilities	<u>23,271,487</u>	<u>24,020,984</u>	<u>26,190,973</u>
Note payable	257,381	257,381	257,381
Deferred rent liability	19,521,562	19,637,834	20,219,190
Loans payable, noncurrent	14,099,750	14,099,750	14,099,750
Total noncurrent liabilities	<u>33,878,694</u>	<u>33,994,965</u>	<u>34,576,321</u>
NET POSITION			
Net investment in capital assets	92,961,163	93,307,408	87,868,099
Restricted	3,508,702	3,508,695	3,624,405
Unrestricted	(6,098,814)	(6,205,686)	(6,174,238)
Total net position	<u>90,371,051</u>	<u>90,610,417</u>	<u>85,318,266</u>
Total liabilities and net position	<u>\$ 147,521,231</u>	<u>\$ 148,626,366</u>	<u>\$ 146,085,560</u>

Balance Sheet Notes:

- Capital assets decrease is due to monthly depreciation expense.
- Land held for sale decrease is due to sale of remainder of 308 Crowley.
- Accounts payable/accrued expenses decreased due to invoice payments.
- Lines of credit: balances at end of June are BUDC: \$0 ; 683 Northland: \$677,158. 683 Northland took no advances during the month and BUDC's line is currently paid down.
- Current portion of loans payable decreased \$47,000 due to a payment in June.
- Unearned grant revenue decreased due to recognition of grant revenue.

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

	<u>June</u> <u>2022</u>	<u>May</u> <u>2022</u>	<u>December</u> <u>2021</u>
Operating revenues:			
Grant revenue	\$ 2,403,017	\$ 1,915,595	\$ 4,425,140
Brownfield funds	36,183	36,183	40,821
Loan interest and commitment fees	48,332	40,277	112,107
Rental and other revenue	8,013,922	7,844,648	14,869,875
Proceeds from sale of land, net	93,562	26,309	-
Total operating revenues	<u>10,595,017</u>	<u>9,863,013</u>	<u>19,447,943</u>
Operating expenses:			
Development costs	2,421,092	1,955,658	4,253,370
Adjustment to net realizable value	75,427	71,585	98,713
Salaries and benefits	185,886	154,238	482,778
General and administrative	930,018	859,695	2,091,562
Management fee	40,800	34,000	70,408
Depreciation	2,044,454	1,703,712	4,225,517
Total operating expenses	<u>5,697,678</u>	<u>4,778,888</u>	<u>11,222,348</u>
Operating income (loss)	4,897,338	5,084,125	8,225,595
Non-operating revenues (expenses):			
Loss on disposal	-	-	(118,382)
Interest expense	(185,876)	(140,636)	(450,479)
Amortization expense	-	-	(43,675)
Interest income	388	338	722
Total non-operating revenues (expenses)	<u>(192,878)</u>	<u>(140,298)</u>	<u>(611,814)</u>
Change in net position	4,704,461	4,943,827	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>\$ 90,371,052</u>	<u>\$ 90,610,418</u>	<u>\$ 85,318,266</u>

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

	Buffalo Urban Development Corporation	683 WTC, LLC	683 Northland LLC	Eliminations (1)	Total
ASSETS					
Current assets:					
Cash	\$ 3,336,946	\$ 28,431	\$ 65,009	\$ -	\$ 3,430,386
Restricted cash	3,881,234	-	330,660	-	4,211,893
Grants receivable	13,596,777	-	-	-	13,596,777
Other current assets	7,739,761	28,270	132,359	(1,515,951)	6,384,438
Total current assets	28,554,717	56,701	528,027	(1,515,951)	27,623,494
Noncurrent assets:					
Loans receivable	61,853,679	-	-	(52,187,279)	9,666,400
Equity investment	-	66,291,763	-	(66,113,712)	178,051
Capital assets, net	8,357,774	-	98,403,588	-	106,761,362
Land and improvement held for sale, net	3,291,924	-	-	-	3,291,924
Total noncurrent assets	73,503,377	66,291,763	98,403,588	(118,300,991)	119,897,737
Total assets	\$ 102,058,095	\$ 66,348,464	\$ 98,931,615	\$ (119,816,942)	\$ 147,521,231
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expense	\$ 598,372	\$ 1,515,951	\$ 19,428	(1,515,951)	(1)\$ 617,800
Line of credit	-	-	677,158	-	677,158
Loans payable, current	-	-	2,992,373	-	2,992,373
Unearned grant revenue	18,984,155	-	-	-	18,984,155
Total liabilities	19,582,528	1,515,951	3,688,959	(1,515,951)	23,271,487
Noncurrent liabilities:					
Note payable	257,381	-	-	-	257,381
Deferred rent liability	-	-	19,521,562	-	19,521,562
Loans payable, noncurrent	369,750	52,187,279	13,730,000	(52,187,279)	14,099,750
Total noncurrent liabilities	627,131	52,187,279	33,251,562	(52,187,279)	33,878,694
NET POSITION					
Net investment in capital assets	11,279,948	-	81,681,215	-	92,961,163
Restricted	3,508,702	-	-	-	3,508,702
Unrestricted	67,059,786	12,645,233	(19,690,121)	(66,113,712)	(6,098,814)
Total net position	81,848,436	12,645,233	61,991,094	(66,113,712)	90,371,051
Total liabilities and net position	\$ 102,058,095	\$ 66,348,464	\$ 98,931,615	\$ (119,816,942)	\$ 147,521,231

(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: June 30, 2022 (Unaudited)

	Buffalo Urban Development Corporation	683 WTC, LLC	683 Northland LLC	Eliminations (1)	Total
Operating revenues:					
Grant revenue	\$ 2,403,017	\$ -	\$ -	\$ -	\$ 2,403,017
Brownfield funds	36,183	-	-	-	36,183
Loan interest and commitment fees	48,332	-	-	-	48,332
Rental and other revenue	80,895	6,993,156	939,871	-	8,013,922
Proceeds from land sales, net	93,562	-	-	-	93,562
Total operating revenue	<u>2,661,990</u>	<u>6,993,156</u>	<u>939,871</u>	<u>-</u>	<u>10,595,017</u>
Operating expenses:					
Development costs	2,421,092	-	-	-	2,421,092
Adjustment to net realizable value	75,427	-	-	-	75,427
Salaries and benefits	185,886	-	-	-	185,886
General and administrative	701,868	152,794	75,357	-	930,018
Management fee	40,800	-	-	-	40,800
Depreciation	-	-	2,044,454	-	2,044,454
Total operating expenses	<u>3,425,074</u>	<u>152,794</u>	<u>2,119,811</u>	<u>-</u>	<u>5,697,678</u>
Operating income	(763,084)	6,840,362	(1,179,940)	-	4,897,338
Non-operating revenues (expenses):					
Interest expense	(5,815)	-	(180,060)	-	(185,876)
Amortization expense	-	-	-	-	-
Interest income	213	118	57	-	388
Other income/expenses	-	-	(7,390)	-	(7,390)
Total non-operating revenues (expenses)	<u>(5,603)</u>	<u>118</u>	<u>(187,393)</u>	<u>-</u>	<u>(192,878)</u>
Change in net position	(768,687)	6,840,480	(1,367,333)	-	4,704,461
Net position - beginning of year	82,617,122	5,804,753	56,217,310	(59,320,920)	85,318,265
Add: capital contributions	-	-	7,141,117	(6,792,792)	348,325
Net position - end of period	<u>\$ 81,848,436</u>	<u>\$ 12,645,233</u>	<u>\$ 61,991,094</u>	<u>\$ (66,113,712)</u>	<u>\$ 90,371,051</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 June 30, 2022 (Unaudited)

	YTD June 2022	YTD Budget 2022	Variance
Operating revenues:			
Grant revenue	\$ 2,403,017	\$ 6,702,500	\$ (4,299,483)
Brownfield funds	36,183	33,500	2,683
Loan interest and commitment fees	48,332	48,332	-
Rental and other revenue	8,013,922	1,454,391	6,559,531
Proceeds from land sales, net	93,562	(35,750)	129,312
Total operating revenues	<u>10,595,017</u>	<u>8,202,973</u>	<u>2,392,044</u>
Operating expenses:			
Development costs	2,421,092	4,963,608	(2,542,515)
Adjustment to net realizable value	75,427	-	75,427
Salaries and benefits	185,886	242,415	(56,528)
General and administrative	930,018	628,571	301,447
Management fee	40,800	47,250	(6,450)
Depreciation	2,044,454	2,041,000	3,454
Total operating expenses	<u>5,697,678</u>	<u>7,922,843</u>	<u>(2,225,165)</u>
Operating income (loss)	4,897,338	280,130	4,617,208
Non-operating revenues (expenses):			
Interest expense	(185,876)	(196,837)	10,961
Interest income	388	500	(112)
Other income	(7,390)	-	(7,390)
Total non-operating revenues (expenses)	<u>(192,878)</u>	<u>(196,337)</u>	<u>3,459</u>
Change in net position	<u>\$ 4,704,461</u>	<u>\$ 83,793</u>	<u>\$ 4,620,668</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 two Crowley St. land sales.
- 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.

Buffalo Urban Development Corporation

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Item 4.1

MEMORANDUM

TO: BUDC Board of Directors
FROM: Rebecca Gandour, Executive Vice President
Mollie Profic, Treasurer
SUBJECT: BUDC and Related Entities Audit & Tax Services
DATE: July 28, 2022

Historically BUDC has participated with ECIDA and its related entities in requests for proposals (RFP) for professional auditing services, most recently in 2017. At that time, the proposal included BUDC, Buffalo Brownfield Redevelopment Fund (BBRF), and Buffalo Brownfield Restoration Corporation (BBRC). The proposal covered a period of five years, meaning BUDC is due to perform an RFP for audit services in 2022. More extensive tax services would also need to be added to the proposal requirements.

Since the 2017 RFP, the number of entities within BUDC’s purview has grown significantly, along with the complexity of the services required (corporate taxes, tax credit consulting, etc.) In addition, BUDC and BBRC now have expanded tax filings due to unrelated business income tax. Entities created or those that have become active since 2017 are:

- 683 Northland LLC – historic tax credits, corporate tax return
- 683 WTC, LLC – brownfield tax credits, corporate tax return
- 683 Northland Master Tenant, LLC – historic tax credit investor equity, corporate tax return
- BBRC Land Company I, LLC – brownfield tax credits, corporate tax return

Freed Maxick has been part of the 683 Northland tax credits team since 2017 and has also performed the required audits per the 2017 proposal. Significant work has been required each year due to historic and brownfield tax credits, and the number of tax returns filed. Many of these entities have ownership in others, and transactions between entities are both frequent and complicated. Freed is also part of the Board-approved consultant team for a future tax credits transaction involving 631 Northland.

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

BUDC’s Procurement Policy contemplates situations whereby “one particular vendor has unique knowledge or expertise with respect to the required goods, services or project, rendering the use of competitive procedures impractical; and considering the benefits, the cost to BUDC is reasonable.”

It is the opinion of BUDC staff that an RFP for audit and tax services would disrupt the transactions related to 683 Northland that are already in place (compliance period) and be extraordinarily burdensome from an administrative standpoint. Freed was integral in putting the existing corporate structure in place, so we believe them to have unique knowledge and expertise related to this project.

Freed Maxick has provided a cost proposal for 2022-2025 (length of the compliance period) summarized in the table below.

	2022	2023	2024	2025
BUDC (Audit + Tax)	\$16,500	\$17,325	\$18,200	\$19,100
683 WTC, LLC (Tax)	4,600	4,800	5,000	5,200
683 Northland LLC (Audit + Tax)	22,700	23,850	24,900	26,100
683 Northland Master Tenant, LLC	19,900	20,875	21,800	22,500
Buffalo Brownfield Restoration Corp. (Audit + Tax)	5,400	5,700	6,000	6,300
BBRC Land Company I, LLC (Tax)	2,800	2,900	3,000	3,100
Buffalo Brownfields Redevelopment Fund (Audit)	4,000	4,200	4,400	4,600
Total	\$75,900	\$79,650	\$83,300	\$86,900

This item was reviewed with the BUDC Audit & Finance Committee on July 18, 2022 and was recommended for BUDC Board approval.

ACTION:

We request that the Board of Directors approve the retention of Freed Maxick to provide professional auditing and tax services to the Corporation and its affiliates for 2022-2025 audits.



Item 4.2

MEMORANDUM

TO: BUDC Board of Directors

FROM: Rebecca Gandour, Executive Vice President

SUBJECT: Buffalo Lakeside Commerce Park – Preliminary Agreement with The Krog Group, LLC Relating to 193 Ship Canal Parkway

DATE: July 26, 2022

BUDC was recently approached by The Krog Group, LLC regarding the company's interest in acquiring the property located at 193 Ship Canal Parkway in Buffalo Lakeside Commerce Park. 193 Ship Canal Parkway is an approximately 9.45 acre vacant parcel located south of Union Ship Canal. The property is in the New York State Brownfield Cleanup Program.

BUDC and Krog have exchanged non-binding term sheets outlining a proposed sale of the property. At this stage of the discussions, the parties are proposing to enter into a preliminary binding agreement regarding the property. The material terms of this proposed agreement are as follows:

- BUDC will grant Krog a six-month exclusivity period for Krog to conduct due diligence and determine whether it will purchase the property. The exclusivity period may be extended an additional three months at Krog's option.
- Krog will have limited access to the property to conduct non-invasive testing and due diligence. Krog will share due diligence results with BUDC.
- Krog will indemnify and hold BUDC harmless from all liabilities arising out of any due diligence activities conducted on the property.
- BUDC will receive a monthly exclusivity fee from Krog in the amount of \$2000.00. The exclusivity fee payments are non-refundable but will be applied against the purchase price for the property at closing, if a Land Sale Agreement is agreed to and Krog closes on the acquisition of the property.
- BUDC's costs (search and survey) and reasonable attorney's fees in connection with the transaction will be paid by Krog.
- The terms of a Land Sale Agreement will be negotiated by the parties during the exclusivity period.

This item was reviewed by the Real Estate Committee at its July 21, 2022 meeting and recommended for approval by the Board.

Action:

I am requesting that the Board of Directors: (i) approve BUDC entering into a preliminary agreement with The Krog Group, LLC regarding 193 Ship Canal Parkway, consistent with the terms set forth in this memorandum; and (iii) authorize the President or Executive Vice President to execute the preliminary agreement and take such other actions as may be necessary or appropriate to implement this action.

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Item 4.3

MEMORANDUM

TO: BUDC Board of Directors

FROM: Brandye Merriweather, President

SUBJECT: Buffalo's Race For Place – COB-BUDC Pass Through Agreement

DATE: July 26, 2022

As previously reported, BUDC successfully applied for grant funding in the amount of \$250,000 for improvements to Court Street, as part of the larger Entertainment District streetscape project. National Grid granted funds in the amount of \$250,000 to BUDC on a “pass-through” basis for infrastructure improvements for Court Street between Niagara Square to Main Street.

BUDC and the City of Buffalo desire to enter into a pass-through agreement to set forth the terms and conditions upon which the National Grid grant funds will be transferred from BUDC to the City to facilitate completion of the Project.

By resolution on February 16, 2022, the Common Council of the City of Buffalo authorized the City of Buffalo Department of Public Works to accept funds from BUDC and enter into an agreement with BUDC with respect to funding for the construction of the Project. The agreement was approved as to form by the City on July 1, 2022. With construction continuing on the Court Street infrastructure project, BUDC staff is seeking Board authorization to enter into the above-mentioned agreement to ensure timely transfer of funding to the Department of Public Works at the conclusion of construction for the Court Street infrastructure improvements project.

ACTION:

I am requesting that the BUDC Board of Directors (i) approve the acceptance of grant funding from National Grid and authorize BUDC to enter into a pass-through agreement with the City of Buffalo to facilitate the transfer of National Grid grant funds from BUDC to the City to facilitate completion of the Project and (ii) authorize the President or Executive Vice President to execute the pass-through agreement and take such other actions as may be necessary or appropriate to implement this action.

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Item 4.4

MEMORANDUM

TO: BUDC Board of Directors

FROM: Rebecca Gandour, Executive Vice President

SUBJECT: Northland Corridor – NWTC/ESD/BUDC Memorandum of Understanding

DATE: July 28, 2022

As previously reported, BUDC staff has been working with Empire State Development (ESD) and the Northland Workforce Training Center (NWTC) to finalize the terms of a memorandum of understanding (MOU). BUDC is a party to this MOU due to its receipt of grant funding from ESD in order for BUDC to purchase equipment and furniture for the Training Center. In addition to BUDC, ESD and NWTC, the parties to the MOU include BUDC affiliates 683 Northland LLC, the owner of the building, and 683 Northland Master Tenant, LLC, the master lessor of the building. The MOU is intended to clarify responsibilities and the ownership of equipment among the parties. As part of this process, an inventory of all of the equipment was conducted that will be included as part of the MOU.

Under the terms of the MOU, BUDC is obligated to insure equipment purchased with ESD funds. These costs are passed down to 683 Northland Master Tenant, LLC. Neither BUDC nor its affiliates have any obligation to maintain, repair, or replace any equipment that is used to operate the Training Center with the exception of a casualty loss where insurance proceeds are received by BUDC affiliates. In addition, BUDC and its affiliates are not obligated to insure, maintain, repair or replace any additional replacement furniture and equipment that may be purchased for the Training Center. In the event of a sale of certain equipment that was purchased with ESD funds, the MOU provides that BUDC will be repaid a portion of the value of that equipment with respect to the tax credit equity received or to be received in connection with the development of the Training Center.

This item was reviewed by the BUDC Real Estate Committee on July 21, 2022 and was recommended for BUDC Board approval.

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

ACTION:

We are requesting that the BUDC Board of Directors: (i) approve the Memorandum of Understanding; and (ii) authorize the BUDC President or Executive Vice President to execute the Memorandum of Understanding on behalf of BUDC, 683 Northland LLC and 683 Northland Master Tenant, LLC, and take such other actions as are necessary or appropriate to implement this authorization.

Hon. Byron W. Brown, Chairman of the Board • Dennis Penman, Vice Chairman • Brandye Merriweather, President
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