

Buffalo Urban Development Corporation

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Buffalo Urban Development Corporation

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Buffalo Urban Development Corporation

Board of Directors Meeting

Date: Tuesday, March 26, 2024 Time: Noon

BUDC Offices, 95 Perry Street – 4th Floor Vista Room

1.0 CALL TO ORDER

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

3.0 NEW BUSINESS

3.1 Audit & Finance Committee Report *(Enclosure)*

3.1.1 683 Northland Master Tenant, LLC Audited Financial Statements *(Information) (Enclosure)*

3.1.2 2023 BUDC Audited Consolidated Financial Statements Approval *(Action) (Enclosure)*

3.1.3 2023 Audited Financial Statements - BBRF *(Information) (Enclosure)*

3.1.4 2023 Investment Report Approval *(Action) (Enclosure)*

3.1.5 Investment and Deposit Policy Re-adoption *(Action) (Enclosure)*

3.1.6 2023 Brownfield Expenses Reimbursement From BBRF Approval *(Action) (Enclosure)*

3.2 Monthly Financial Report Approval *(Action) (Enclosure)*

3.3 Governance Committee Report *(Enclosure)*

3.3.1 2023 Mission Statement & Performance Measurements w/ Results *(Information)(Enclosure)*

3.3.2 2024 Mission Statement & Performance Measurements Approval *(Action)(Enclosure)*

3.3.3 2023 Public Authorities Annual Report Approval *(Action)(Enclosure)*

3.3.4 Procurement Policy Re-adoption *(Action)(Enclosure)*

3.3.5 Property Acquisition Guidelines Re-adoption *(Action)(Enclosure)*

3.3.6 Property Disposition Guidelines Re-adoption *(Action)(Enclosure)*

3.3.7 Grant Administration Policy Re-adoption *(Action)(Enclosure)*

3.3.8 Code of Ethics Re-adoption *(Action)(Enclosure)*

3.3.9 Whistleblower Policy Re-adoption *(Action)(Enclosure)*

3.3.10 Travel, Conferences, Meals & Entertainment Policy Re-adoption *(Action)(Enclosure)*

3.4 Ralph Wilson Park - Modifications to 9th Amendment to BUDC-COB-Wilson Sub Agreement *(Action)(Encl.)*

3.5 Ralph Wilson Park - Amendment to GLC Grant Agreement *(Action)(Enclosure)*

3.6 Ralph Wilson Park - Gardiner & Theobald Contract Amendment #3 *(Action)(Enclosure)*

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

3.8 Northland Corridor - 612 Northland Start-Up NY Affiliation Agreement *(Action)(Enclosure)*

3.9 Northland Corridor Project Update *(Information)*

3.10 Race For Place Project Update *(Information)*

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

4.0 LATE FILES

5.0 TABLED ITEMS

6.0 EXECUTIVE SESSION

7.0 ADJOURNMENT *(Action)*

**Minutes of the Meeting
of the
Board of Directors
of
Buffalo Urban Development Corporation
95 Perry Street, 4th Floor, Vista Room
Buffalo, New York
February 27, 2024
12:00 p.m.**

Directors Present:

Catherine Amdur
Mayor Byron W. Brown (Chair)
Darby Fishkin
Thomas Halligan
Elizabeth Holden
Thomas A. Kucharski
Nathan Marton
Kimberley A. Minkel
Dennis M. Penman (Vice Chair)
Karen Utz

Directors Absent:

Scott Bylewski
Trina Burruss
Daniel Castle
Janique S. Curry
Dennis W. Elsenbeck
Dottie Gallagher
Brendan R. Mehaffy
David J. Nasca
Christopher P. Scanlon

Officers Present:

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

Guests Present: Jonathan Epstein, *The Buffalo News*; Alexis M. Florczak, Hurwitz Fine P.C.; Soma Hawramee, ECIDA Compliance Portfolio Manager; Brian Krygier, ECIDA IT Director; Kelly Maloney, Gilbane Building Company; and Angelo Rhodes, Northland Project Manager.

- 1.0 **Roll Call** – The meeting was called to order at 12:12 p.m. by Mayor Brown. The Secretary called the roll and a quorum of the Board was determined to be present.
- 2.0 **Approval of Minutes – January 30, 2024 Meeting** – The minutes of the January 30, 2024 meeting of the Board of Directors were presented. Mr. Penman made a motion to approve the meeting minutes. The motion was seconded by Mr. Kucharski and unanimously carried (10-0-0).
- 3.0 **Monthly Financial Reports** – Ms. Profic reported that field work for the 2023 year-end audit has been completed. Draft audited financial statements will be reviewed by the Audit & Finance Committee at its March 14, 2024 meeting, before being presented to the BUDC Board of Directors later that month. Board members are invited to attend the Audit & Finance Committee presentation.

Ms. Profic then presented for information purposes the financial statements for 683 Northland Master Tenant, LLC for the period ending January 31, 2024. She next presented the consolidated financial statements for BUDC and its affiliates, 683 Northland LLC and 683 WTC, LLC for the period ending

January 31, 2024. Ms. Fishkin made a motion to accept the consolidated financial statements. The motion was seconded by Mr. Halligan and unanimously carried (10-0-0).

4.0 New Business

- 4.1 Appointment of Christopher Scanlon to BUDC Downtown Committee** – Ms. Amdur made a motion to appoint Board member Christopher Scanlon to the BUDC Downtown Committee. The motion was seconded by Mr. Halligan and unanimously carried (10-0-0).
- 4.2 Ralph Wilson Park – Ralph Wilson Foundation Grant #10** – Ms. Gandour presented her February 27, 2024 memorandum regarding the tenth Ralph C. Wilson, Jr. Foundation Grant Agreement. Following this presentation, Mr. Kucharski made a motion to: (i) accept the \$3,260,000.00 grant award from the Ralph C. Wilson, Jr. Foundation to support the capacity of the Ralph Wilson project team through the end of 2025 as outlined in the February 27th memorandum to the Board; and (ii) authorize the BUDC President or Executive Vice President to execute the grant agreement and undertake any other necessary or appropriate actions to implement this action. The motion was seconded by Ms. Minkel and unanimously carried (10-0-0).
- 4.3 Ralph Wilson Park – Ninth Amendment to BUDC-COB Wilson Foundation Subgrant Agreement** – Ms. Gandour presented her February 27, 2024 memorandum regarding the proposed ninth amendment to the BUDC-City of Buffalo subgrant agreement. Ms. Minkel made a motion to: (i) approve the ninth amendment to the BUDC-City of Buffalo subgrant agreement allowing BUDC to transfer up to \$117,000 from Wilson Grant 10 to the City of Buffalo to support the City of Buffalo City Engineer position, and up to \$300,000 from the Community Foundation of Southeast Michigan to support Phase 1A construction at Ralph Wilson Park; and (ii) authorize the BUDC President or Executive Vice President to execute the ninth amendment to the subgrant agreement and take such other actions as are necessary to implement this authorization. The motion was seconded by Mr. Marton and unanimously carried (10-0-0).
- 4.4 Ralph Wilson Park – MVVA Contract Amendment No. 13** – Ms. Gandour presented her February 27, 2024 memorandum regarding the proposed 13th amendment to BUDC’s Master Service Agreement with Michael Van Valkenburgh Associates (MVVA). Ms. Utz made a motion to: (i) approve the 13th amendment to the MVVA Agreement in an amount up to \$17,000 for the redesign of the retaining wall handrail and preparation of new grading drawings; and (ii) authorize the BUDC President or Executive Vice President to execute the amendment to the MVVA agreement and take such other actions as are necessary to implement this authorization. The motion was seconded by Mr. Kucharski and unanimously carried (10-0-0).
- 4.5 Ralph Wilson Park – Acceptance of Funds from City of Buffalo for Seawall Design** – Ms. Gandour presented her February 27, 2024 memorandum regarding the proposed acceptance of funds from the City of Buffalo for seawall design work at Ralph Wilson Park. Ms. Minkel noted that this is a reimbursement-based grant and asked whether any cash flow issues were anticipated for this work. Ms. Gandour indicated that the Ralph C. Wilson, Jr. Foundation will allow BUDC to utilize Wilson Foundation funds before reimbursement is received under the DHSES grant award, and she noted that the grant award includes a matching fund requirement that will be met through Wilson Foundation funding. There being no further discussion, Ms. Minkel made a motion to: (i) approve BUDC entering into a subgrant agreement with the City of Buffalo to allow the transfer of up to \$360,000 to BUDC from the City of Buffalo’s DHSES Grant to fund the design of the seawall at Ralph Wilson Park; and (ii) authorize the BUDC President or Executive Vice President to execute the subgrant agreement and take such other actions as are necessary to implement this authorization. The motion was seconded by Ms. Fishkin and unanimously carried (10-0-0).
- 4.6 Northland Corridor Project – 714 Northland Mortgage Payoff** – Ms. Gandour presented her February 27, 2024 memorandum regarding a proposal to pay a portion of the remaining balance

of the 714 Northland Avenue mortgage with funds from the Buffalo Brownfields Redevelopment Fund. Ms. Gandour noted that the balloon payment is due February 29, 2024. Ms. Holden made a motion to: (i) approve the use of up to \$127,000 from the Buffalo Brownfields Redevelopment Fund to pay off the M&T term loan related to 714 Northland Avenue; and (ii) authorize the BUDC President or Executive Vice President to execute the documents and take such other actions as are necessary or appropriate to implement this authorization. The motion was seconded by Ms. Amdur and unanimously carried (10-0-0).

4.7 Northland Corridor Project – BUDC-ESD NWTC 2016 Lease Memorandum of Understanding – Ms. Gandour indicated this item would be presented at the March 2024 meeting of the BUDC Board of Directors.

4.8 Northland Corridor Project Update – Mr. Rhodes presented an update regarding the Northland Corridor. The Comvest and CBRE team will assume responsibility for all property management and leasing services from Mancuso Management as of March 1, 2024. The City of Buffalo Planning Board approved designs for 537 E. Delavan on February 13th. BUDC’s request for quotations for substation equipment was approved by EDA on February 21st. BUDC continues to discuss next steps for Phase 3 of Northland redevelopment with the Buffalo Sewer Authority and NYSDEC. With respect to the 631 Northland project, Wendel has completed its immersion process and delivered conceptual designs for the 631 Northland building. Mr. Rhodes circulated a handout of the conceptual design for Board members to review.

4.9 Ralph Wilson Park Project Update – Ms. Maloney presented an update regarding the Ralph Wilson Park project. Work continues on reconstruction of the shoreline, and stone has been added to the east break-wall at the Park. Bridge pile installation will be completed in the next few weeks. Dig-out work for the inlet is anticipated to commence in the next few weeks. Utility work at the park is anticipated to start soon. The construction team is working through issues with National Grid lines and water lines. CSX and NYSTA are to approve plans for installing the pedestrian bridge, which is targeted for October 2024. Phase 1B of construction, which includes landscaping, roads and pathways, and metalwork for the sports fields and railings, is being bid out. Gilbane is working with the project design team as numbers for these bids are coming in higher than anticipated. Ms. Maloney also reported that the project is currently tracking 22% MBE and 10% WBE utilization, and anticipates these percentages will increase as construction continues.

4.10 Buffalo’s Race for Place Project Update – Ms. Merriweather presented an update regarding Buffalo’s Race for Place. BUDC, the City of Buffalo and MIG will have their final meeting March 1st before wrapping up work on the Downtown Waterfront Improvement Plan. BUDC is also coordinating with the City on its Smart Streets Design Plan which overlaps with the Downtown Waterfront Improvement Plan. A needs analysis will be completed in order to identify funding that has been secured and what funding gaps remain outstanding. BUDC also anticipates collaboration with private sector partners to secure funding, including the use of a second pilot increment financing structure for additional streetscape enhancements. Empire State Development has committed ten million dollars for improvements around Erie Street. Ms. Merriweather also reported that BUDC, the Mayor’s Office, and Buffalo Place worked on a series of Black History Month programming throughout February to highlight Black-owned businesses downtown. A Black Business Expo will be held at Seneca One Tower on February 29th to highlight sixteen Black-owned businesses in downtown Buffalo. Other marketing efforts, including the Downtown Dollars sweepstakes, and lunch crawl and happy hour were also undertaken to highlight Black-owned businesses in Buffalo’s Central Business District.

4.11 Buffalo Lakeside Commerce Park Project Update – Ms. Gandour presented an update regarding Buffalo Lakeside Commerce Park. RAS Development is current with its exclusivity agreement obligations for 193 Ship Canal Parkway. Final 2023 assessment bills for the BLCP Property Owners Association were issued to POA members. Uniland continues to seek an alternate assessment calculation for its solar field. POA members asked Uniland to prepare a written

proposal for review, which has not been received to date. Ms. Merriweather provided an update on M/WBE compliance for the Zephyr project. The monitoring consultant, Landon & Rian, is working on ways to increase MWBE participation for future phases of Zephyr's project at BLCP. Landon & Rian will issue its final report for phase 1 of the project when the phase 1 building is completed.

5.0 Late Files – None.

6.0 Tabled Items – None.

7.0 Executive Session – None.

8.0 Adjournment – There being no further business to come before the Board, the February 27, 2024 meeting of the Board of Directors was adjourned at 12:55 p.m.

Respectfully submitted,

Kevin J. Zanner, Secretary

Buffalo Urban Development Corporation

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Buffalo, New York 14203
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Item 3.1

MEMORANDUM

TO: Buffalo Urban Development Corporation Board of Directors
FROM: Dennis Penman, Audit & Finance Chair & Mollie Profic, Treasurer
SUBJECT: Audit & Finance Committee Report
DATE: March 26, 2024

The Audit & Finance Committee Meeting scheduled for March 14, 2024 did not have a quorum present. However, the committee members that were present reviewed the following items for Board consideration or action:

Item 3.1.1 is the 2023 Audited Financial Statements for 683 Northland Master Tenant, LLC. Representatives from Freed Maxick gave a detailed presentation of the statements to the Committee members present. This item is presented to the Board for information only.

Item 3.1.2 is the 2023 Audited Consolidated Financial Statements for BUDC. Representatives from Freed Maxick gave a detailed presentation of the statements to the Committee members present. This item is presented to the Board for approval.

Item 3.1.3 is the 2023 Audited Financial Statements for the Buffalo Brownfields Redevelopment Fund (BBRF) and is provided to the Board for information only.

Item 3.1.4 is the 2023 Investment Report, which provides a summary of BUDC’s investment activity in 2023. This item is presented to the Board for approval.

Item 3.1.5 is the Investment and Deposit Policy. This is a re-adoption of this document.

Item 3.1.6 is the memorandum requesting reimbursement of brownfield expenses for 2023. The Committee members present reviewed the request in the amount of \$98,179 and this item is presented to the Board for approval.

In addition, the Audit & Finance Committee members present reviewed the following items that do not require Board action:

- Audit & Finance Committee Charter
- Audit & Finance Committee Training Document
- 2023 Property Report
- Management’s Assessment of Internal Controls
- Funding Source Updates

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

REPORT TO THE MANAGING MEMBER

**683 NORTHLAND MASTER TENANT, LLC
(A LIMITED LIABILITY COMPANY)**

DECEMBER 31, 2023



March 19, 2024

To the Managing Member of
683 Northland Master Tenant, LLC
(A Limited Liability Company)
95 Perry Street, Suite 404
Buffalo, New York 14203

Attention Managing Member:

We are pleased to present this report related to our audit of the financial statements of 683 Northland Master Tenant, LLC (the Company) as of and for the year ended December 31, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for 683 Northland Master Tenant, LLC's financial reporting process.

This report is intended solely for the information and use of the Managing Member and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Company.

Freed Maxick CPAs, P.C.

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 Representation Letter

REQUIRED COMMUNICATIONS

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and related compliance reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our engagement letter dated November 8, 2023. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated November 8, 2023 regarding the planned scope and timing of our audit and identified significant risks.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Company. The Company did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Significant Accounting Policies

We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Unusual Transactions

We did not identify any significant unusual transactions.

Management's Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. There were no significant accounting estimates.

Audit Adjustments and Uncorrected Misstatements

There were no audit adjustments made to the original trial balance presented to us to begin our audit. We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Observations About the Audit Process

Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultations With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed With Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Difficult or Contentious Matters That Required Consultation

We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.

Shared Responsibilities for Independence

Independence is a **joint responsibility** and is managed most effectively when management, audit committees (or their equivalents), and audit firms work together in considering compliance with American Institute of Certified Public Accountants (AICPA) independence rules. For Freed Maxick (FM) to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee, and FM each play an important role.

Our Responsibilities

- AICPA rules require independence both of mind and in appearance when providing audit and other attestation services. FM is to ensure that the AICPA's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality management over compliance with independence rules and firm policies.

The Company's Responsibilities

- Timely inform FM, before the effective date of transactions or other business changes, of the following:
 - New affiliates, directors, or officers.
 - Changes in the organizational structure or the reporting entity impacting affiliates such as subsidiaries, partnerships, related entities, investments, joint ventures, component units or jointly governed organizations.
- Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the Company and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with FM.
- Not entering into arrangements of nonaudit services resulting in FM being involved in making management decisions on behalf of the Company.
- Not entering into relationships resulting in close family members of FM covered persons, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting or compliance oversight role at the Company.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the Company, including the representation letter provided to us by management, are attached as Exhibit A.

EXHIBIT A

Significant Written Communications Between Management and Our Firm

Engagement Letter – Previously furnished

Representation Letter – See attached

683 Northland Master Tenant, LLC

March 15, 2024

Freed Maxick CPAs, P.C.
800 Liberty Building
424 Main Street
Buffalo, NY 14202

This representation letter is provided in connection with your audits of the financial statements of 683 Northland Master Tenant, LLC (the Company), which comprise the balance sheets as of December 31, 2023 and 2022, the related statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of the date of your report:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 8, 2023, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. With respect to services performed (drafting financial statements) in the course of the audits:
 - a. We have made all management decisions and performed all management functions;
 - b. We assigned an appropriate individual to oversee the services;

- c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
 - d. We have accepted responsibility for the results of the services; and
 - e. We have accepted responsibility for all significant judgments and decisions that were made.
9. We have no knowledge of any uncorrected misstatements in the financial statements.
10. We have requested an unsecured electronic copy of the auditor's report and financial statements and agree that the auditor's report and financial statements will not be modified in any manner.

Information Provided

11. We have provided you with:
- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation and other matters.
 - b. Additional information that you have requested from us for the purpose of the audits.
 - c. Unrestricted access to persons within the Company from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All transactions have been recorded in the accounting records and are reflected in the financial statements.
13. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of allegations of fraud or suspected fraud affecting the Company's financial statements involving:
- e. Management.
 - f. Employees who have significant roles in internal control.
 - g. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the Company's financial statements received in communications from employees, former employees, analysts, regulators, short sellers or others.
16. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
17. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements. We have not consulted legal counsel concerning litigation or claims.
18. We have disclosed to you the identity of all of the Company's related parties and all the related-party relationships and transactions of which we are aware.
19. We are aware of no deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the Company's ability to record, process, summarize and report financial data.

20. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
21. We have:
- a. Provided you with all information we are aware of with respect to current and potential affiliates, including ownership percentage and materiality assessments.
 - b. Notified you of all planned transactions involving (i) changes in control of the Company or an investor obtaining a 20% or greater ownership in the Company or representation on the Company's Board of Directors, or (ii) investments of 20% or greater in or acquisitions of other entities by the Company, sufficiently in advance of their effective dates to enable the Company and Freed Maxick CPAs to identify and eliminate potential impermissible services and relationships between Freed Maxick CPAs or its associated entities and those potential subsidiaries or equity-method investees, prior to the effective dates.
 - c. Made you aware, to the best of our knowledge and belief, of any nonaudit services that the Company or any of our affiliates has engaged Freed Maxick CPAs or any of its associated entities to perform.
22. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.
23. As of December 31, 2023, \$132,359 in payables are due to 683 Northland LLC and \$254,935 in payables are due to Buffalo Urban Development Corporation.

683 Northland Master Tenant, LLC


Mollie Profic
Treasurer
Buffalo Urban Development Corporation, as Agent

**AUDITED
FINANCIAL STATEMENTS**

**683 NORTHLAND MASTER TENANT, LLC
(A LIMITED LIABILITY COMPANY)**

DECEMBER 31, 2023

**683 NORTHLAND MASTER TENANT, LLC
(A LIMITED LIABILITY COMPANY)**

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INDEPENDENT AUDITOR'S REPORT

To the Members of
683 Northland Master Tenant, LLC
(A Limited Liability Company)

Opinion

We have audited the financial statements of 683 Northland Master Tenant, LLC (A Limited Liability Company) (the Company), which comprise the balance sheets as of December 31, 2023 and 2022, the related statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Freed Maxick CPAs, P.C.

Buffalo, New York
March 15, 2024

**683 NORTHLAND MASTER TENANT, LLC
(A LIMITED LIABILITY COMPANY)**

**BALANCE SHEETS
December 31,**

| ASSETS | 2023 | 2022 |
|---|-----------------------------|-----------------------------|
| Current assets: | | |
| Cash - operating | \$ 518,270 | \$ 486,590 |
| Tenant receivables | 26,512 | 42,206 |
| Prepaid insurance | 117,269 | 115,882 |
| Total current assets | <u>662,051</u> | <u>644,678</u> |
| Reserves: | | |
| Operating reserve | 339,078 | 336,428 |
| Asset management fee reserve | 10,228 | 20,147 |
| Total reserves | <u>349,306</u> | <u>356,575</u> |
| Prepaid lease - sublessee | 535,596 | 483,394 |
| Prepaid leasing commission | 190,936 | 188,616 |
| Tenant security deposits | 79,908 | 84,894 |
| Equipment, net | 23,162 | 19,869 |
| Right of use asset - Master Lease Agreement | <u>26,671,582</u> | <u>28,430,126</u> |
| Total assets | \$ <u>28,512,541</u> | \$ <u>30,208,152</u> |
| LIABILITIES AND MEMBERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 83,987 | \$ 130,895 |
| Current portion- deferred operating lease liability - Master Lease Agreement | 415,430 | 337,817 |
| Current portion - deferred operating lease liability - sublessee | <u>553,075</u> | <u>590,793</u> |
| Total current liabilities | <u>1,052,492</u> | <u>1,059,505</u> |
| Operating deficit loan | 387,294 | 387,294 |
| Tenant security deposits | 79,850 | 84,850 |
| Deferred operating lease liability - Master Lease Agreement | 6,983,739 | 7,399,169 |
| Deferred operating lease liability - sublessee | 4,493,565 | 5,046,640 |
| Distribution payable - priority return | <u>257,904</u> | <u>238,320</u> |
| Total liabilities | 13,254,844 | 14,215,778 |
| Members' equity | <u>15,257,697</u> | <u>15,992,374</u> |
| Total liabilities and members' equity | \$ <u>28,512,541</u> | \$ <u>30,208,152</u> |

See accompanying notes.

**683 NORTHLAND MASTER TENANT, LLC
(A LIMITED LIABILITY COMPANY)**

**STATEMENTS OF OPERATIONS
For the Years Ended December 31,**

| | <u>2023</u> | <u>2022</u> |
|-----------------------------|----------------------------|----------------------------|
| Revenues: | | |
| Lease revenue | \$ 1,445,435 | \$ 1,466,335 |
| Additional lease revenue | 752,071 | 753,037 |
| Other income | 7,033 | 1,372 |
| Total revenues | <u>2,204,539</u> | <u>2,220,744</u> |
| Expenses: | | |
| Lease expense | 1,913,150 | 1,879,742 |
| Repairs and maintenance | 166,757 | 193,758 |
| Payroll | 155,609 | 143,808 |
| Utilities expense | 129,992 | 188,227 |
| Insurance expense | 127,632 | 122,769 |
| Professional fees | 75,857 | 67,053 |
| Property management fee | 69,719 | 70,520 |
| Real estate taxes | 25,914 | 20,398 |
| Asset management fee | 10,000 | 10,000 |
| Miscellaneous expense | 347 | 316 |
| Total expenses | <u>2,674,977</u> | <u>2,696,591</u> |
| Loss from operations | (470,438) | (475,847) |
| Other expenses: | | |
| Depreciation expense | <u>(6,448)</u> | <u>(5,056)</u> |
| Net loss | \$ <u>(476,886)</u> | \$ <u>(480,903)</u> |

See accompanying notes.

**683 NORTHLAND MASTER TENANT, LLC
(A LIMITED LIABILITY COMPANY)**

**STATEMENTS OF CHANGES IN MEMBERS' EQUITY
For the Years Ended December 31,**

| | <u>INVESTOR MEMBER</u> | <u>MANAGING MEMBER</u> | <u>TOTAL</u> |
|--|-----------------------------|----------------------------|-----------------------------|
| Members' equity - January 1, 2022 | \$ 14,414,013 | \$ 164,437 | \$ 14,578,450 |
| Members' capital contributions | 2,091,098 | - | 2,091,098 |
| Distributions | (196,271) | - | (196,271) |
| Net loss | (476,094) | (4,809) | (480,903) |
| Members' equity - December 31, 2022 | <u>15,832,746</u> | <u>159,628</u> | <u>15,992,374</u> |
| Distributions | (257,791) | - | (257,791) |
| Net loss | (472,117) | (4,769) | (476,886) |
| Members' equity - December 31, 2023 | <u>\$ 15,102,838</u> | <u>\$ 154,859</u> | <u>\$ 15,257,697</u> |
| Percentage interest | <u>99.00%</u> | <u>1.00%</u> | <u>100%</u> |

See accompanying notes.

683 NORTHLAND MASTER TENANT, LLC
(A LIMITED LIABILITY COMPANY)

STATEMENTS OF CASH FLOWS
For the Years Ended December 31,

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Net loss | \$ (476,886) | \$ (480,903) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation | 6,448 | 5,056 |
| Decrease (increase) in assets: | | |
| Tenant receivables | 15,694 | 32,479 |
| Prepaid insurance | (1,387) | (9,220) |
| Accrued rental income | (52,202) | (57,085) |
| Prepaid leasing commission | (2,320) | 29,322 |
| Right of use asset - Master Lease Agreement | 1,420,727 | 1,395,256 |
| Decrease in liabilities: | | |
| Security deposit liability | (5,000) | (4) |
| Accounts payable | (46,908) | (13,655) |
| Due to related parties | (37,718) | - |
| Deferred operating lease liability - sublessee | (553,075) | (513,406) |
| Net cash provided by operating activities | <u>267,373</u> | <u>387,840</u> |
| Cash flows from investing activities: | | |
| Equipment purchases | (9,741) | (18,390) |
| Net cash used by investing activities | <u>(9,741)</u> | <u>(18,390)</u> |
| Cash flows from financing activities: | | |
| Members' contributions | - | 2,091,098 |
| Distributions | (238,207) | (221,892) |
| Payments of prepaid rent under the Master Lease Agreement | - | (1,869,206) |
| Net cash used by financing activities | <u>(238,207)</u> | <u>-</u> |
| Net increase in cash and restricted cash | 19,425 | 369,450 |
| Cash and restricted cash - beginning of year | <u>928,059</u> | <u>558,609</u> |
| Cash and restricted cash - end of year | <u>\$ 947,484</u> | <u>\$ 928,059</u> |
| Non-cash financing transactions: | | |
| Non-cash distribution recorded as distribution payable | <u>\$ 257,904</u> | <u>\$ 238,320</u> |

See accompanying notes.

**683 NORTHLAND MASTER TENANT, LLC
(A LIMITED LIABILITY COMPANY)**

**STATEMENTS OF CASH FLOWS (CONTINUED)
For the Years Ended December 31,**

The following table provides a reconciliation of cash and restricted cash to the amounts reported within the balance sheets:

| | <u>2023</u> | <u>2022</u> |
|------------------------------|-------------------|-------------------|
| Cash - operating | \$ 518,270 | \$ 486,590 |
| Tenant security deposits | 79,908 | 84,894 |
| Operating reserve | 339,078 | 336,428 |
| Asset management fee reserve | 10,228 | 20,147 |
| | <u>\$ 947,484</u> | <u>\$ 928,059</u> |

See accompanying notes.

**683 NORTHLAND MASTER TENANT, LLC
(A LIMITED LIABILITY COMPANY)**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION

683 Northland Master Tenant, LLC (the Company) is a limited liability company formed pursuant to the laws of the State of New York on September 7, 2017. 683 Northland LLC, a related entity, was formed to facilitate the ownership, rehabilitation and operation of a commercial and industrial facility located at 683 Northland Avenue, City of Buffalo, known as the Niagara Machine & Tool Works Factory (the Property). 683 Northland LLC serves as lessor to the Company. The relationship between lessor and lessee is governed by a Master Lease Agreement dated December 28, 2017. The major activities of the Company are governed by the Master Tenant Amended and Restated Operating Agreement.

The Property is located in a historic district on the National Register of Historic Places and will receive an allocation of federal and state historic rehabilitation tax credits under Section 47 of the Internal Revenue Code of 1986, as amended, and New York credit for Rehabilitation of Historic Properties under Section 606(00) of New York State tax law. The Property was developed in two phases; Phase 1 received an allocation of rehabilitation tax credits during the year ended December 31, 2018; Phase 2 received allocations for the years ending December 31, 2020 and 2019. No further credits are anticipated.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Cash: The statement of cash flows considers amounts available for current operations to be cash and includes amounts restricted for repayment of tenant security deposits and reserves.

Concentration of Credit Risk: The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

During the year ended December 31, 2023, three tenants represented 94% (90% - 2022) of lease revenue and 94% (71% - 2022) of accounts receivable.

Tenant Receivables: Tenant receivables consists of receivables from tenants for lease payments and other charges, if applicable, recorded according to the terms of their sublease agreements. Tenant receivables do not bear interest. The Company holds tenant security deposits as collateral for tenant receivables. On a periodic basis, the Company evaluates its tenant receivables and establishes an allowance for doubtful accounts. There was no allowance for doubtful accounts for the years ended December 31, 2023 and 2022.

Prepaid Leasing Commissions: Prepaid leasing commissions consists of commission paid out in connection with obtaining long term subleases. The Company recognizes commission expenses incurred over the life of the applicable lease as required under ASC 842. Prepaid leasing commissions amounted to \$190,936 as of the year ended December 31, 2023 (\$188,616 - 2022).

Lease Income: The Company recognizes revenue on the date lease payments become due in accordance with the subleases. Lease payments received in advance are deferred until earned. All leases between parties are operating leases.

Equipment: Equipment is carried at cost. Renewals and betterments that materially extend the life of the assets are capitalized. Expenditures for maintenance and repairs are charged against operations. Depreciation is provided for using the straight-line method.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases: The Master Lease Agreement (MLA) and all sublease agreements with tenants are operating leases under ASC 842. A lease is a sales-type lease if any one of five criteria are met, each of which indicate that the lease, in effect, transfers control of the underlying asset to the lessee. If none of those five criteria are met, but two additional criteria are both met, indicating that the lessor has transferred substantially all the risks and benefits of the underlying asset to the lessee and a third party, the lease is a direct financing lease. All leases that are not sales-type or direct financing leases are operating leases.

Income Taxes: No provision or benefit has been made for income taxes in the accompanying financial statements since taxable income or loss of the Company is passed through to the respective members for reporting passes through to, and is reportable by, the members individually.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events: These financial statements have not been updated for subsequent events occurring after March 15, 2024, which is the date these financial statements were available to be issued.

NOTE 3. TENANT SECURITY DEPOSITS

Tenant security deposits are maintained in a separate bank account from operating funds. They are tracked by name of the tenant internally by the Company and are segregated on the accompanying balance sheets.

NOTE 4. RESERVES

Asset Management Fee Reserve: The Company was required to establish a reserve to fund the payment of asset management fees in the amount of \$60,000 upon receipt of the third capital contribution from the investor member. All required funding of the asset management fee reserve has been made. As of December 31, 2023, the reserve amounted to \$10,228 (\$20,147 - 2022).

Operating Reserve: The Company was required to establish an operating reserve to fund any operating deficits as approved by the investor member. An initial contribution of \$335,000 was to be deposited into the operating reserve upon receipt of the third capital contribution from the investor member which occurred during the year ended December 31, 2019. Funds are required to be held in a segregated, interest-bearing account with a federally insured financial institution. As of December 31, 2023, the reserve amounted to \$339,078 (\$336,428 - 2022).

Replacement Reserve: The Company is required to establish a replacement reserve to fund any replacement costs as approved by the investor member. The reserve is to be funded annually in the amount of \$48,000 (subject to a 3% increase per year) from net cash flow in accordance with the allocation of profits and losses (Note 8). Funds are required to be held in a segregated, interest-bearing account with a federally insured financial institution. As of December 31, 2023 and 2022, there was no net cash flow available to fund the replacement reserve.

**683 NORTHLAND MASTER TENANT, LLC
(A LIMITED LIABILITY COMPANY)**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL CONTRIBUTIONS

The Company consists of two members: 683 WTC, LLC and NTCIC HTC Community Fund II, LLC (NTCIC). 683 WTC, LLC is the managing member and a 1% owner. NTCIC is the investor member and has a 99% membership interest.

The managing member is required to contribute capital of \$198,360 according to the terms of the amended and restated operating agreement. As of December 31, 2023 and 2022, the managing member has made all required contributions.

The investor member is required to contribute capital of \$19,637,612 based upon the completion of requirements by the Company as defined in the amended and restated operating agreement. During the year ended December 31, 2022, an upward adjustor amounting to \$773,461 was added to the capital contributions of the investor member. Total adjusted capital contributions amount to \$20,411,073. As of December 31, 2022, the investor member had made all required contributions. There were no capital contributions made during the year ending December 31, 2023 (\$2,091,098 - 2022)

NOTE 6. TRANSACTIONS WITH AFFILIATES

Master Lease Agreement: The Company has a Master Lease Agreement (the Agreement) with the lessor, a related entity, to pay rental expense commencing on August 26, 2018, the day prior to the first date on which Phase I of the building was placed in service for purposes of the historical tax credits through 2038. The lease is classified as an operating lease and accordingly, the underlying building and other assets are recorded as a right to use asset and corresponding lease liability on the Company's balance sheets. The Company utilized an interest rate of 2.05% to calculate the lease liability.

Under the Agreement, the Company is to make minimum lease payments. In addition to minimum rents, the lease requires payments for utilities, insurance, maintenance costs, real estate taxes, and all other operating expenses. Minimum lease payments due under the Agreement consists of base lease payments and prepaid rent. As of December 31, 2023 and 2022, the Company paid \$27,397,807 in prepaid rent. All prepaid rent payments under the Agreement have been made as of December 31, 2022. Prepaid rent is combined with the right to use asset under ASC 842.

For the year ended December 31, 2023, the Company recognized \$1,913,150 in lease expense (\$1,879,742 - 2022). The lease agreement includes scheduled rent increases over the term of the lease, which in accordance with U.S. GAAP will be recognized on a straight-line basis over the term of the lease.

Future minimum rental payments to be paid under the Master Lease Agreement are contractually due as follows:

| | | |
|------------|----|------------------|
| 2024 | \$ | 528,046 |
| 2025 | | 558,098 |
| 2026 | | 565,617 |
| 2027 | | 580,645 |
| 2028 | | 596,024 |
| Thereafter | | <u>5,713,704</u> |
| | \$ | <u>8,542,134</u> |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. COMMERCIAL LEASE REVENUE

Northland Workforce Training Center: The Company entered into a sublease agreement with the Economic Development Group, Inc. d/b/a Northland Workforce Training Center, (NWTC), commencing on September 1, 2018, and extending through August 31, 2033. The agreement calls for payment of prepaid lease payments and additional lease payments. Lease income from the sublease agreement is being recognized on a straight-line basis, in accordance with U.S. GAAP, over the term of the lease. Prepaid lease payments in the amount of \$7,678,971 was due and paid during the year ended December 31, 2018; \$511,931 of lease income related to the prepaid lease payments was recognized during the years ended December 31, 2023 and 2022. The Company is required to estimate additional lease income on a monthly basis and provide NWTC with a statement of actual additional lease incurred within 90 days of year end. During the year ended December 31, 2023, \$320,178 in additional lease income was recognized (\$303,135 - 2022).

Additionally, the Company entered into a second sublease agreement during 2019 for an additional space related to the Northland Workforce Training Center commencing October 1, 2019 and extending through July 31, 2026. The agreement calls for prepayment of lease expense in the amount of \$288,000. The entire prepaid lease balance was paid during the year ending December 31, 2020. For the year ended December 31, 2023 and 2022, the Company recognized \$41,143 in lease income based on the second sublease agreement.

Further, the company entered into a third sublease agreement during 2023 for an additional space related to the Northland Workforce Training Center commencing January 1, 2024 and extending through December 31, 2033.

Buffalo Manufacturing Works: The Company entered into a sublease agreement with Edison Welding Institute Inc. d/b/a Buffalo Manufacturing Works, commencing on July 1, 2019, and extending through June 30, 2034. For the years ended December 31, 2023 and 2022, the Company recognized \$475,400 in lease income based on this agreement.

Manna Culinary Group: The Company entered into a sublease agreement with Manna Culinary Group, Inc. commencing on September 30, 2019, and extending through October 31, 2024. Under the sublease agreement, base lease payments begin March 1, 2020. For the year ended December 31, 2023 and 2022, the Company recognized \$12,995 in lease income based on this agreement.

Sparkcharge: The Company entered into a sublease agreement with Sparkcharge, Inc. commencing on March 1, 2020, and extending through May 31, 2023. For the year ended December 31, 2023, the Company recognized \$16,500 in lease income based on this agreement (\$37,400 - 2022).

Retech: The Company entered into a sublease agreement with Retech Systems LLC. commencing on July 1, 2020 and extending through December 31, 2030. For the years ended December 31, 2023 and 2022, the Company recognized \$286,224 in lease income based on this agreement.

Rodriguez Construction: The Company entered into a sublease agreement with Rodriguez Construction Group Inc. commencing on December 1, 2020, and extending through November 30, 2025. For the years ended December 31, 2023 and 2022, the Company recognized \$37,742 in lease income based on this agreement.

Garwood Medical: The Company entered into a sublease agreement with Garwood Medical Devices, LLC commencing on December 1, 2020, and extending through November 30, 2025. For the years ended December 31, 2023 and 2022, the Company recognized \$39,600 in lease income based on this agreement.

Bank on Buffalo: The Company entered into a sublease agreement with CNB Financial Corporation d/b/a Bank on Buffalo commencing on April 1, 2021, with rent payments commencing on October 1, 2021 and extending through September 30, 2031. For the years ended December 31, 2023 and 2022, the Company recognized \$23,900 in lease income based on this agreement.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. COMMERCIAL LEASE REVENUE (CONTINUED)

The following is a schedule of minimum future lease revenue on noncancelable leases with an initial term greater than one year:

| | |
|------------|----------------------|
| 2024 | \$ 1,455,806 |
| 2025 | 1,424,153 |
| 2026 | 1,379,270 |
| 2027 | 1,348,413 |
| 2028 | 1,348,413 |
| Thereafter | <u>5,976,703</u> |
| Total | \$ <u>12,932,758</u> |

NOTE 8. ALLOCATION OF PROFITS AND LOSSES

In accordance with the amended and restated operating agreement, operating profits and losses and credits, other than those arising from a capital transaction, will be allocated in the ratio 1% to the managing member and 99% to the investor member. Profits and losses arising from a capital transaction will be allocated to the members in various amounts as described in the amended and restated operating agreement depending on if the amounts are profits or losses and if the members' capital account balances are negative or positive.

All net cash flow available for distribution shall be paid annually as follows:

- (i) To the investor member in the amount of any unpaid adjusters;
- (ii) To the investor member in the amount of any outstanding special tax distribution;
- (iii) To the investor member in the amount of any outstanding priority return for the fiscal year plus any outstanding priority return for any prior fiscal year;
- (iv) To fund the replacement reserve;
- (v) To the repayment of any subordinated loans (and accrued interest thereon) and any operating deficit loans; and
- (vi) The balance to the members in accordance with their percentage interests.

Profits arising from a capital transaction will be distributed in the following order: first to each member, an amount equal to their negative capital account basis based on their proportionate share of the anticipated distribution; second, any remaining profits are distributed in accordance with the members' capital accounts.

Losses arising from a capital transaction will be allocated in the following order: first to each member, an amount equal to their positive capital account basis based on their proportionate share of the anticipated distribution; second, any remaining losses are distributed in accordance with the members' capital accounts.

For distributions other than cash flow and distributions prior to dissolution or termination of the Company, assets and proceeds will be distributed in the following order:

- (i) To the payment of all matured debts and liabilities of the Company and all expenses of the Company incident to any Capital Transaction, excluding (i) debts and liabilities of the Company to members or any affiliates, and (ii) all unpaid fees owing to any developer entity;

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. ALLOCATION OF PROFITS AND LOSSES (CONTINUED)

- (ii) To the setting up of any reserves which the liquidator (or the managing member if the distribution is not pursuant to the liquidation of the Company) deems reasonably necessary for contingent, unmatured or unforeseen liabilities or obligations of the Company;
- (iii) To the payment to the investor member of any unpaid credit recovery loans and interest thereon;
- (iv) To the investor member in the amount of any outstanding priority return;
- (v) To the payment of any unpaid special tax distribution plus an amount equal, on an after-tax basis, to the local, state and federal taxes projected (at the applicable tax rate) to be imposed on the members of the investor member as a result of the capital transaction;
- (vi) To the repayment of any unpaid debts and liabilities (including unpaid fees) owed to the members or any affiliates by the Company for Company obligations; and
- (vii) The balance to the members in accordance with their percentage interests.

The amended and restated operating agreement requires the distribution of cash based upon the net cash flow calculation. Distributable cash flow is calculated annually as defined by the amended and restated operating agreement. Based upon the calculation, there is no net cash flow available to be distributed for the years ending December 31, 2023 and 2022. However, according to the amended and restated operating agreement, any priority return not distributed shall accrue and remain payable until net cash flow becomes available. Under the amended and restated operating agreement, the priority return is based upon 1.5% of the portion of capital contributions attributable to federal historic tax credits and is pro-rated for any periods less than a full year. As of December 31, 2023, \$257,904 was accrued as payable to the investor member for the priority return (\$238,320 - 2022). During the year ended December 31, 2023, the investor member was paid \$238,207 for the 2022 accrued priority return (\$221,892 - 2022).

NOTE 9. OPERATING DEFICIT GUARANTY

In accordance with the amended and restated operating agreement, the managing member will provide funds to the Company so as to allow them to cover accrued accounts payable on a 60-day current basis. Any funds advanced shall be provided in the form of an operating deficit loan. An operating deficit loan shall be treated as a subordinated loan and shall bear no interest. As of December 31, 2023 and 2022, \$387,294 was loaned to the Company from the managing member and a related party.

NOTE 10. PROPERTY MANAGEMENT

The Company entered into a property management agreement with Mancuso Management Inc. (Mancuso) in December 2017. Under the agreement, Mancuso is to provide leasing and property management services. Under the agreement, the monthly management fee is calculated at 5% of rents billed or \$2,700, whichever is higher. A new agreement was entered into with Mancuso effective January 1, 2021 through December 31, 2021 with an option to extend up to five additional one-year terms. As of December 31, 2023, the Company extended the contract on a month to month basis for the year ending December 31, 2024. For the year ended December 31, 2023, \$69,719 of property management fees were incurred and paid (\$70,520 - 2022).

**683 NORTHLAND MASTER TENANT, LLC
(A LIMITED LIABILITY COMPANY)**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. RECONCILIATION OF TAXABLE LOSS

The reconciliation of financial statement net loss to the taxable loss of the Company for the years ended December 31, are as follows:

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| Financial statement net loss | \$ (476,886) | \$ (480,903) |
| Add (subtract) nondeductible items per tax return: | | |
| Book to Tax depreciation | (1,841) | 4,800 |
| Section 467 income | 670,521 | 685,567 |
| Section 467 expense | <u>(837,611)</u> | <u>(875,957)</u> |
| Taxable loss | <u>\$ (645,817)</u> | <u>\$ (666,493)</u> |

The Company files income tax returns in the U.S. Federal jurisdiction and New York State.

NOTE 12. PAYMENT IN LIEU OF TAXES (PILOT)

The Company entered into a 7-year agreement (the Agreement), through December 31, 2027, with the Erie County Industrial Development Agency (ECIDA), on behalf of the City of Buffalo (the City), the City of Buffalo School District (the School District), and County of Erie (the County), whereby the Company pays an annual PILOT payment to the City, the County and the School District. The Company shall pay a payment in lieu of taxes composed of a land component, an existing improvements component, and a variable component. The variable component will be impacted by application of an annual payment factor. The payment factor will be 10% for the first two years of the Agreement, 20% for the next two years of the Agreement, and 30% for the final three years of the Agreement. The Company paid taxes amounting to \$25,914 for the year ended December 31, 2023 (\$20,398 - 2022).

NOTE 13. EQUIPMENT

Equipment consisted of the following at December 31:

| | Estimated Useful Life | <u>2023</u> | <u>2022</u> |
|--------------------------------|----------------------------------|------------------|------------------|
| Furniture and equipment | 5 years | \$ 41,395 | \$ 31,654 |
| Less: accumulated depreciation | | <u>(18,233)</u> | <u>(11,785)</u> |
| | | <u>\$ 23,162</u> | <u>\$ 19,869</u> |

Depreciation expense for the year ended December 31, 2023 related to equipment amounted to \$6,448 (\$5,056 - 2022).

REPORT TO THE BOARD OF DIRECTORS

BUFFALO URBAN DEVELOPMENT CORPORATION

DECEMBER 31, 2023

DRAFT
Tentative and Preliminary
For Discussion and Internal
Purposes Only-Subject to Revision



[Date]

To the Members of the Board of Directors
Buffalo Urban Development Corporation
95 Perry Street, Suite 403
Buffalo, New York 14203

Members of the Board:

We are pleased to present this report related to our audit of the financial statements of Buffalo Urban Development Corporation (BUDC) as of and for the year ended December 31, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Organization's financial reporting process.

This report is intended solely for the information and use of the BUDC and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Organization.

[Firm Signature]

DRAFT
Tentative and Preliminary
For Discussion and Internal
Purposes Only-Subject to Revision

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DRAFT
Tentative and Preliminary
For Discussion and Internal
Purposes Only-Subject to Revision

REQUIRED COMMUNICATIONS

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and related compliance reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States have been described to you in our engagement letter dated December 8, 2023. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated December 8, 2023 regarding the planned scope and timing of our audit and identified significant risks.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Company. The Company did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Significant Accounting Policies

We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Unusual Transactions

We did not identify any significant unusual transactions.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.

Audit Adjustments and Uncorrected Misstatements

Audit adjustments, other than those that are clearly trivial, proposed by us and recorded by the Company are shown in the attached list of Recorded Audit Adjustments. We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Observations About the Audit Process

Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultations With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed With Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Difficult or Contentious Matters That Required Consultation

We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.

Shared Responsibilities for Independence

Independence is a **joint responsibility** and is managed most effectively when management, audit committees (or their equivalents), and audit firms work together in considering compliance with American Institute of Certified Public Accountants (AICPA) and *Government Accountability Office* (GAO) independence rules. For Freed Maxick (FM) to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee, and FM each play an important role.

Our Responsibilities

- AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. FM is to ensure that the AICPA and GAO's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality management over compliance with independence rules and firm policies.

The Organization's Responsibilities

- Timely inform FM, before the effective date of transactions or other business changes, of the following:
 - New affiliates, directors, or officers.
 - Changes in the organizational structure or the reporting entity impacting affiliates such as subsidiaries, partnerships, related entities, investments, joint ventures, component units, or jointly governed organizations.
- Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the Organization and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with FM.
- Not entering into arrangements of nonaudit services resulting in FM being involved in making management decisions on behalf of the Organization.
- Not entering into relationships resulting in close family members of FM covered persons, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting or compliance oversight role at the Organization.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the Organization, including the representation letter provided to us by management, are attached as Exhibit A.

SIGNIFICANT ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following summarizes the significant accounting estimates reflected in the Organization's December 31, 2023 financial statements.

Significant Accounting Estimates

Depreciation of Property, Plant & Equipment and Land Adjustments to Net Realizable Value

| | |
|---|--|
| Accounting policy | Management depreciates property, plant and equipment over the estimated lives of the assets. Management adjusts net realizable value of land for capitalizable expenses. |
| Management's estimation process | Useful lives were assigned based on BUDC's useful life policy. Management was consistent in calculating depreciation based on the useful lives assigned to each asset. Land adjustments to net realizable value are calculated by management utilizing actual capitalizable expenses and information from annual Property Report regarding the fair value of the properties. |
| Basis for our conclusion on the reasonableness of the estimate | The methods and lives used to estimate depreciation expense appears reasonable. Methods used to estimate adjustments to net realizable value of land appear reasonable. |

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Buffalo Urban Development Corporation
Year End: December 31, 2023
Summary of Recorded Audit Adjustments

| Number | Date | Name | Debit | Credit |
|--------|------------|----------------------------|--------|--------|
| 1 | 12/31/2023 | Investment Interest Income | 23,192 | |
| 1 | 12/31/2023 | Investment - Master Tenant | | 23,192 |

To properly adjust WTC's investment in 683 Northland Master Tenant LLC to actual as of December 31, 2023.

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The Finance & Audit Committees, Boards of Directors, and Management
Buffalo Urban Development Corporation

In planning and performing our audits of the financial statements of the Buffalo Urban Development Corporation (BUDC), of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the BUDC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the separate financial statements, but not for the purpose of expressing an opinion on the effectiveness of the BUDC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the BUDC's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the Finance and Audit Committees, Boards of Directors, and others within the BUDC. It is not intended to be, and should not be, used by anyone other than these specified parties.

Buffalo, New York
[date]

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EXHIBIT A

Significant Written Communications Between Management and Our Firm

Engagement Letter – previously furnished

Representation Letter – previously furnished

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**AUDITED
CONSOLIDATED FINANCIAL STATEMENTS**

BUFFALO URBAN DEVELOPMENT CORPORATION

DECEMBER 31, 2023

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**BUFFALO URBAN DEVELOPMENT CORPORATION
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FINANCIAL SECTION

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BUFFALO URBAN DEVELOPMENT CORPORATION

Management's Discussion and Analysis

December 31, 2023
(UNAUDITED)

Buffalo Urban Development Corporation (BUDC) is a not-for-profit corporation whose mission is to support the urban economic development efforts of the region through acquisition, remediation and management of distressed properties, and to engage in related real estate development activities for the purpose of attracting and/or retaining new and existing businesses to the City of Buffalo, New York (the City) as part of the region. The mission of BUDC also includes supporting the revitalization of the City by serving as the lead management entity for Buffalo Building Reuse Project (BBRP) and Race for Place initiatives, working in collaboration with the City, including the coordination of financial assistance for downtown adaptive reuse projects and public right-of-way improvements. BUDC also serves as the lead management entity for the Ralph C. Wilson, Jr. Centennial Park transformation.

For financial reporting purposes, BUDC is classified as a governmental entity that is required to comply with accounting standards issued by the Governmental Accounting Standards Board (GASB) because a majority of its governing body are officials of local governments or appointed by officials of local governments. Under GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, BUDC is required to present management's discussion and analysis (MD&A) to assist readers in understanding BUDC's financial performance.

In compliance with GASB Statement No. 34, we present the attached overview and analysis of the financial activities of BUDC for the years ended December 31, 2023, 2022 and 2021. We encourage readers to consider the information presented here in conjunction with BUDC's audited financial statements.

In 2017, BUDC's financial reporting entity expanded as a result of a tax credit transaction to bring historic tax credits (HTC) and new markets tax credit (NMTC) funding to the development project at 683 Northland Avenue (the Project), the location of the Northland Workforce Training Center (Workforce Training Center). The financial reporting entity consists of (a) BUDC (the primary entity), (b) 683 WTC, LLC (WTC), of which BUDC is the sole member, and (c) 683 Northland LLC (683 Northland), of which WTC holds a 95% equity interest. All significant intercompany balances and transactions between the three entities are eliminated in the consolidated financial statements. WTC is also the managing member of 683 Northland Master Tenant, LLC (Master Tenant) and holds a 1% equity interest.

Basic Overview of the Financial Statements

Included in this Annual Report are the following financial statements:

- 1) **Statement of Net Position** – This statement shows the reader what BUDC owns (assets and deferred outflows) and what BUDC owes (liabilities and deferred inflows). The difference between BUDC's assets, deferred outflows, liabilities and deferred inflows (net position) can be one way to measure BUDC's financial position. Over time, increases or decreases in BUDC's net position is one indicator of whether its financial health is improving or deteriorating.
- 2) **Statement of Revenues, Expenses, and Changes in Net Position** – This statement reports BUDC's operating and nonoperating revenues by major source along with operating expenses. The difference between total revenues and expenses can be one way to measure BUDC's operating results for the year.
- 3) **Statement of Cash Flows** – This statement reports BUDC's cash flows from operating, capital and related financing, and investing activities.

Financial Highlights

- BUDC's net position decreased by 3% from \$87,598,000 in 2022 to \$84,819,000 in 2023.
- BUDC experienced a decrease in net position of \$2,822,000 in 2023 compared to an increase of \$1,932,000 in 2022 due mainly to the receipt of brownfield tax credits by WTC in 2022. Grant income and development costs increased in 2022 and 2023.
- BUDC's total assets increased by \$45,247,000 primarily due to a \$57,167,000 increase in grants receivable combined with decreases in cash, restricted cash, and capital assets.
- BUDC's total liabilities increased \$48,026,000 as a result of an increase in unearned revenue related to grants.

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Condensed Comparative Financial Statements:

1. Statements of Net Position:

The following table (Table 1) presents condensed comparative financial information and was derived from the audited consolidated statements of net position of BUDC.

Table 1
Consolidated Statements of Net Position at December 31, 2023, 2022 and 2021
(Amounts in thousands)

| | <u>2023</u> | <u>2022</u> | <u>\$ Change</u> | <u>% Change</u> | <u>2021</u> |
|---|-------------------|-------------------|-------------------|-----------------|-------------------|
| Assets: | | | | | |
| Cash | \$ 16,542 | \$ 20,355 | \$ (3,813) | -19% | \$ 2,818 |
| Receivables | 89,350 | 32,183 | 57,167 | 178% | 10,161 |
| Restricted cash | 460 | 4,014 | (3,554) | -89% | 4,487 |
| Other current assets | 5,749 | 6,230 | (481) | -8% | 6,627 |
| Loans receivable | 9,666 | 9,666 | - | 0% | 9,666 |
| Equity investment | 155 | 178 | (23) | -13% | 178 |
| Capital assets, net | 100,962 | 104,743 | (3,781) | -4% | 108,785 |
| Right to use asset | 7,470 | 7,738 | (268) | 100% | - |
| Land and improvements held for sale | 788 | 788 | - | 0% | 3,363 |
| Total assets | 231,142 | 185,895 | \$ 45,247 | 24% | \$ 146,085 |
| Liabilities: | | | | | |
| Current liabilities | \$ 105,951 | \$ 55,766 | \$ 50,185 | 90% | \$ 26,191 |
| Long-term liabilities | 40,372 | 42,531 | (2,159) | -5% | 34,576 |
| Total liabilities | 146,323 | 98,297 | 48,026 | 49% | 60,767 |
| Net position: | | | | | |
| Net investment in capital assets | 87,650 | 90,430 | (2,780) | -3% | 87,868 |
| Restricted | 234 | 3,681 | (3,447) | -94% | 3,624 |
| Unrestricted | (3,065) | (6,513) | 3,448 | -53% | (6,174) |
| Total net position | \$ 84,819 | \$ 87,598 | \$ (2,779) | -3% | \$ 85,318 |
| Total liabilities and net position | \$ 231,142 | \$ 185,895 | \$ 45,247 | 24% | \$ 146,085 |

Cash – Cash decreased \$3,813,000 from 2022 to 2023 due to an increase in receivables and an overall increase in expenses during 2023. The increase from 2021 to 2022 was due an increase in grants awarded and received.

Receivables – Receivables include grant and other receivables owed as a result of BUDC's development projects. The increase of \$57,167,000 from 2022 to 2023 is due to grant awards of \$82,252,000 combined with \$25,085,000 of grant receipts. The increase from 2021 to 2022 was due to higher grants awarded than grant receipts in 2022.

Restricted cash – Restricted cash includes amounts held by the Erie County Industrial Development Agency (ECIDA) on behalf of BUDC related to the Buffalo Brownfields Redevelopment Fund and the Buffalo Building Reuse Project loan fund. Also included in restricted cash are amounts received from ESD held in segregated imprest accounts, which may be drawn down upon approval from ESD. The \$3,554,000 decrease from 2022 to 2023 is due to the termination of the BBRP loan fund and the use of Brownfield funds for eligible project costs.

Other current assets – Other current assets include prepaid expenses, interest receivable, and other receivables. The \$481,000 decrease from 2022 to 2023, as well as the \$397,000 decrease from 2021 to 2022, is due to the amortization of prepaid rent.

Capital assets, net – Capital assets net of accumulated depreciation decreased \$3,781,000 primarily due depreciation expense of \$4,138,000.

Right to use asset – Right to use asset includes unamortized lease payments related to base rent under a Master Lease Agreement between 683 Northland and its tenant, 683 Northland Master Tenant, LLC. BUDC implemented GASB Statement No. 87 in 2022, which requires these unamortized payments be reflected. The \$268,000 decrease from 2022 to 2023 reflects the amortization cost.

Land and improvements held for sale – Land and improvements held for sale represents property held at BLCF and 308 Crowley Avenue and has been reduced to its net realizable value; estimated by management to be the fair value of the property when sold. No land sales occurred in 2023. Land was sold at BLCF and 308 Crowley during 2022, accounting for the decrease. As of 2022 the entirety of 308 Crowley was sold.

Current liabilities – The \$50,185,000 increase in current liabilities from 2022 to 2023 is due mainly to an increase in deferred grant revenue of \$50,540,000 combined with decreases in the current portion of loans payable and the line of credit from payments made during 2023. \$29,575,000 increase from 2021 to 2022 was due to an increase in deferred grant revenue combined with a decrease in loans payable.

Long-term liabilities – Long-term liabilities decreased \$2,159,000 due mainly to a decrease in the deferred lease liability. They increased from 2021 to 2022 due to the deferred lease liability of \$7,738,000 recorded.

2. Change in Net Position:

The following table (Table 2) presents condensed comparative financial information and was derived from BUDC's audited statements of revenues, expenses, and changes in net position.

Table 2
Change in Net Position for the Years ended December 31, 2023, 2022 and 2021
(Amounts in thousands)

| | <u>2023</u> | <u>2022</u> | <u>\$ Change</u> | <u>% Change</u> | <u>2021</u> |
|------------------------------------|-------------------|-----------------|-------------------|-----------------|-----------------|
| Revenue: | | | | | |
| Grants | \$ 31,597 | \$ 8,057 | \$ 23,540 | 292% | \$ 4,425 |
| PILOT agreements | 36 | 36 | - | 0% | 41 |
| Loan interest and commitment fees | 97 | 97 | - | 0% | 112 |
| Lease and other revenue | 2,951 | 9,024 | (6,073) | -67% | 14,870 |
| Total revenue | 34,681 | 17,214 | 17,467 | 101% | 19,448 |
| Expenses: | | | | | |
| Development costs | \$ 30,901 | \$ 8,149 | \$ 22,752 | 279% | \$ 4,253 |
| Adjustment to net realizable value | 75 | 126 | (51) | -40% | 99 |
| Salaries and benefits | 441 | 384 | 57 | 15% | 483 |
| General and administrative | 1,742 | 1,667 | 75 | 4% | 2,037 |
| Management fee | 142 | 139 | 3 | 2% | 125 |
| Depreciation | 4,138 | 4,152 | (14) | 0% | 4,226 |
| Total expenses | 37,439 | 14,617 | 22,822 | 156% | 11,223 |
| Operating income (loss) | (2,758) | 2,597 | (5,355) | -206% | 8,225 |
| Gain (loss) on disposal | 8 | (423) | 431 | -102% | (118) |
| Interest income | 126 | 19 | 107 | 563% | 1 |
| Interest expense | (198) | (261) | 63 | -24% | (450) |
| Amortization expense | - | - | - | 0% | (44) |
| Change in net position | \$ (2,822) | \$ 1,932 | \$ (4,754) | -246% | \$ 7,614 |

3. Revenue and Expense Analysis:

Grants – Grant income includes mainly income from the Ralph C. Wilson, Jr. Foundation, Community Foundation of Southeast Michigan, and others for work related to Ralph C. Wilson, Jr. Centennial Park, and Empire State Development and U.S. Department of Commerce Economic Development Administration for projects along the Northland Corridor. Grant income is recognized as the related grant expenses are incurred. In 2022, \$7,889,000 of grant revenue was recognized for Centennial Park and \$168,000 for Northland. The increase of \$23,540,000 from 2021 to 2022 is due mainly to an increase in grants and related revenue for Centennial Park. The increase from 2021 to 2022 was due to the same.

Lease and other revenue – Lease and other revenue includes lease income from 683 Northland Master Tenant, LLC under the Master Lease Agreement, WTC's 2020 brownfield tax credit refund, lease income from other Northland tenants and other income. The decrease of \$6,073,000 from 2022 to 2023 was due to a \$897,000 brownfield tax credit refund received by WTC during the year, compared to a \$6,993,000 refund received in 2022. The decrease from 2021 to 2022 was due to a lower WTC brownfield tax credit refund in 2022 than in 2021.

Development costs – Development costs include those costs related to various BUDC projects but excludes certain BLCP and Northland development costs that are reflected in "adjustment to net realizable value" as discussed below. The increase of \$22,752,000 in 2023 is the result of higher costs related to the first phase of construction of Ralph C. Wilson, Jr. Centennial Park. Development costs increased from 2021 to 2022 for the same reason.

Adjustment to net realizable value – The adjustment to net realizable value represents certain Northland and BLCP capitalized development costs. These costs are added to the book value of capital assets and land and improvements held for sale; however an offsetting adjustment is recorded to reduce the net book value to equal the estimated net realizable value of each property.

Salaries and benefits – Salaries and benefits increased by \$57,000 or 15% due to BUDC hiring a new employee in 2023.

General and administrative – General and administrative costs increased by \$75,000 or 4%. Included in this category are expenses related to Workforce Training Center rent amortization and payments, insurance, and professional fees.

Management fee – The management fee represents costs charged for certain ECIDA staff that spend a portion of their time performing financial, compliance, administrative and property management services on behalf of BUDC under a shared services agreement. Asset management fees charged to 683 Northland by NMTC and HTC investors are also reported here.

Depreciation – Depreciation expense decreased \$14,000 from \$4,152,000 in 2022 to \$4,138,000 in 2023. The majority of depreciation expense (\$4,058,000) was related to the building and improvements at 683 Northland Avenue.

Gain (loss) on disposal – A small gain was recognized from the sale of certain equipment by 683 Northland LLC in 2023. The losses on disposal for 2022 and 2021 represent the difference between the sale prices of property sold at BLCP and 308 Crowley and the book value of those properties.

Interest expense – Interest expense relates mainly to loans payable by 683 Northland and lines of credit of both BUDC and 683 Northland. The \$63,000 decrease in interest expense from 2022 to 2023 is reflective of repayment of Northland's debt during 2023.

4. Budget Analysis:

Each year, BUDC prepares an operating budget and three-year forecast. BUDC's 2023 budget was approved by the Board of Directors on October 25, 2022. The following table (Table 3) presents an analysis of BUDC's performance compared to the approved 2023 budget.

Table 3
Budget to Actual Analysis for the year ended December 31, 2023
(Amounts in thousands)

| | <u>Actual</u> | <u>Original Budget</u> | <u>Actual to Budget</u> | |
|------------------------------------|-------------------|----------------------------|-------------------------|-----------------|
| | | | <u>\$ Change</u> | <u>% Change</u> |
| Revenue: | | | | |
| Grants | \$ 31,597 | \$ 37,655 | \$ (6,058) | -16% |
| PILOT agreements | 36 | 40 | (4) | -10% |
| Loan interest and commitment fees | 97 | 97 | - | 0% |
| Lease and other revenue | 2,951 | 2,178 | 773 | 35% |
| Total revenue | 34,681 | 39,970 | 23,263 | 58% |
| Expenses: | | | | |
| Development costs | \$ 30,907 | \$ 31,907 | \$ (1,006) | -3% |
| Adjustment to net realizable value | 75 | - | 75 | 100% |
| Salaries and benefits | 443 | 519 | (78) | -15% |
| General and administrative | 742 | 1,325 | 417 | 31% |
| Management fee | 142 | 87 | 55 | 63% |
| Depreciation | 4,138 | 4,081 | 57 | 1% |
| Total expenses | 37,439 | 37,919 | (480) | -1% |
| Operating income (loss) | (2,758) | 2,051 | (4,809) | -234% |
| Loss on disposal | 8 | - | 8 | -100% |
| Interest income | 126 | 1 | 125 | 12500% |
| Interest expense | (198) | (246) | 48 | -20% |
| Change in net position | \$ (2,822) | \$ 1,806 | \$ (4,628) | -256% |

Note: The original 2023 budget was not amended; therefore, only one budget column is presented.

Budget to Actual Analysis:

Overall, BUDC's change in net position fell short of the budget by \$4,628,000. Grant revenue was \$6,058,000 below budget due to lower than anticipated recognition of grant revenue related to the Centennial Park Project. Other revenue surpassed the budgeted amount by \$773,000 due to recognition of the 2020 brownfield tax credit refund by WTC. Development costs of \$30,901,000 were below budget by \$1,006,000. This is directly related to the lower recognition of grant revenue. General and administrative

expenses of \$1,742,000 were above the budget by \$417,000. Interest expense of \$198,000 was \$48,000 below budget, due to repayments of long-term debt.

5. Economic Factors Impacting BUDC:

BUDC has limited sources of operating funds that can support its ongoing operating costs. As a result, BUDC is reliant upon future land sales occurring at its BLCF business park and future revenues at the Northland Corridor redevelopment site to support operations.

6. Requests for Information:

This financial report is designed to provide a general overview of BUDC's finances. Questions concerning any of the financial information provided in this report should be addressed to the Treasurer of BUDC at (716) 856-6525. General information relating to BUDC can be found at its website www.buffalourbandevelopment.com.

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**BUFFALO URBAN DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENTS OF NET POSITION
DECEMBER 31,**

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------|-----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 16,542,113 | \$ 20,354,670 |
| Grants receivable | 89,350,024 | 32,183,206 |
| Restricted cash | 460,544 | 4,014,036 |
| Other current assets | 5,749,149 | 6,230,118 |
| Total current assets | <u>112,101,830</u> | <u>62,782,030</u> |
| Noncurrent assets: | | |
| Loans receivable | 9,666,400 | 9,666,400 |
| Equity investment | 154,859 | 178,051 |
| Capital assets, net | 100,961,985 | 104,743,215 |
| Right to use asset | 7,470,200 | 7,737,832 |
| Land and improvements held for sale, net | 788,212 | 788,212 |
| Total noncurrent assets | <u>119,041,656</u> | <u>123,113,710</u> |
| Total assets | <u>\$ 231,143,486</u> | <u>\$ 185,895,740</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | 528,067 | \$ 244,122 |
| Unearned revenue | 104,383,474 | 53,843,820 |
| Line of credit | 570,000 | 677,158 |
| Current portion of loans payable | 469,938 | 1,001,167 |
| Total current liabilities | <u>105,951,479</u> | <u>55,766,267</u> |
| Noncurrent liabilities: | | |
| Deferred lease liability | 26,742,613 | 28,430,972 |
| Loans payable | 13,629,812 | 14,099,750 |
| Total noncurrent liabilities | <u>40,372,425</u> | <u>42,530,722</u> |
| NET POSITION | | |
| Net investment in capital assets | 87,650,447 | 90,430,510 |
| Restricted (deficit) position, as restated (see Note 16) | 233,780 | 3,681,560 |
| Unrestricted (deficit) position, as restated (see Note 16) | <u>(3,064,645)</u> | <u>(6,513,319)</u> |
| Total net position | <u>84,819,582</u> | <u>87,598,751</u> |
| Total liabilities and net position | <u>\$ 231,143,486</u> | <u>\$ 185,895,740</u> |

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See accompanying notes.

BUFFALO URBAN DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31,

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|----------------------|
| Operating revenues: | | |
| Grant revenue | \$ 31,596,676 | \$ 8,056,896 |
| Lease and other revenue | 2,951,472 | 9,024,458 |
| Loan interest | 96,664 | 96,664 |
| Brownfield funds | 35,823 | 36,183 |
| Total operating revenues | <u>34,680,635</u> | <u>17,214,201</u> |
| Operating expenses: | | |
| Development costs | 30,900,700 | 8,148,766 |
| Depreciation | 4,138,093 | 4,152,123 |
| General and administrative | 1,742,514 | 1,667,554 |
| Salaries and benefits | 440,561 | 384,459 |
| Management fee | 142,262 | 138,967 |
| Adjustment to net realizable value | 74,961 | 125,675 |
| Total operating expenses | <u>37,439,091</u> | <u>14,617,544</u> |
| Operating (loss) income | (2,758,456) | 2,596,657 |
| Nonoperating revenues (expenses): | | |
| Gain (loss) on disposal | 8,329 | (422,553) |
| Interest income | 126,418 | 18,967 |
| Interest expense | (197,771) | (260,911) |
| Total nonoperating expenses, net | <u>(63,024)</u> | <u>(664,497)</u> |
| Change in net position | (2,821,480) | 1,932,160 |
| Net position - beginning of year | 87,598,751 | 85,318,266 |
| Add: capital contributions | 44,711 | 348,325 |
| Less: capital distributions | (2,400) | - |
| Net position - end of year | <u>\$ 84,819,582</u> | <u>\$ 87,598,751</u> |

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Tentative and Preliminary
For Discussion and Internal
Purposes Only-Subject to Revision

See accompanying notes.

**BUFFALO URBAN DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------|----------------------|
| Cash flows from operating activities: | | |
| Amounts paid from Brownfields funds | \$ (25,641) | \$ (10,717) |
| Grants received | 24,969,512 | 25,504,390 |
| Receipts from loans and commitment fees | 96,664 | 96,664 |
| Rental and other revenue | 2,042,677 | 10,013,539 |
| Payments to employees, suppliers, and other | <u>(32,981,356)</u> | <u>(11,237,591)</u> |
| Net cash (used) provided by operating activities | (5,898,144) | 24,366,285 |
| Cash flows from capital and related financing activities: | | |
| Acquisition and construction of capital assets | (363,935) | (154,561) |
| Proceeds from sale/disposal of capital assets | 15,400 | 2,197,117 |
| Repayment of loans | (1,108,325) | (9,437,024) |
| Capital distributions | (2,400) | - |
| Capital contributions | 44,711 | 348,325 |
| Net cash used by capital and related financing activities | (1,414,549) | (7,046,143) |
| Cash flows from investing activities: | | |
| Change in restricted cash | 3,553,492 | 473,426 |
| Interest earned | 149,610 | 18,967 |
| Interest paid | <u>(202,966)</u> | <u>(275,555)</u> |
| Net cash provided by investing activities | 3,500,136 | 216,838 |
| Net (decrease) increase in cash | (3,812,557) | 17,536,980 |
| Cash - beginning of year | 20,354,670 | 2,817,690 |
| Cash - end of year | \$ 16,542,113 | \$ 20,354,670 |
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Operating (loss) income | \$ (2,758,456) | \$ 2,596,657 |
| Adjustment to reconcile operating (loss) income from operations to net cash (used) provided by operating activities: | | |
| Depreciation expense | 4,138,093 | 4,152,123 |
| Increase in grants receivable | (57,166,818) | (22,022,653) |
| Decrease in other current assets | 480,969 | 396,627 |
| Increase (decrease) in accounts payable and accrued expenses | 289,140 | (700,566) |
| Increase in unearned revenue | 50,539,654 | 39,470,147 |
| (Decrease) increase in deferred lease liability | <u>(1,420,726)</u> | <u>473,950</u> |
| Net cash (used) provided by operating activities | \$ (5,898,144) | \$ 24,366,285 |
| Non-cash transactions: | | |
| Grants received but not yet earned | \$ 50,742,522 | \$ 38,983,032 |

See accompanying notes.

**BUFFALO URBAN DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Buffalo Urban Development Corporation (BUDC) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the BUDC's accounting policies are described below.

A. REPORTING ENTITY

The Buffalo Urban Development Corporation (BUDC) was incorporated to facilitate partnership with the private sector in the development of the City of Buffalo (the City). Funding was initially received from the City; however the City has not allocated direct funding to BUDC for several years and future allocations are not expected. Funding is received primarily from land sales, grant funding, and loan repayments. In 2005, an agreement between BUDC, Erie County Industrial Development Agency (ECIDA), the City, and Erie County (the County) established the Buffalo Brownfields Redevelopment Fund (the Fund). The Fund dedicates certain payments received in lieu of real estate taxes (PILOT) for future eligible project costs. The fund is administered by ECIDA and reimburses BUDC for eligible project costs incurred. The activity of the Fund is included in these financial statements.

The financial reporting entity consists of (a) the primary entity, which is BUDC, (b) 683 WTC, LLC, (WTC) of which BUDC is the sole member, and (c) 683 Northland LLC, (Northland) in which 683 WTC, LLC has a 95% equity interest.

In accordance with U.S. GAAP, BUDC is not considered a component unit of another entity.

B. BASIS OF PRESENTATION

Revenues from grants, Brownfield funds, rental payments and interest on loans are reported as operating revenues. All expenses related to operating BUDC are reported as operating expenses. Certain other transactions are reported as nonoperating activities including BUDC's interest income from deposits and interest expense related to long-term debt.

When both restricted and unrestricted resources are available for use, it is BUDC's policy to use restricted resources first, then unrestricted resources as they are needed.

C. CONSOLIDATED FINANCIAL STATEMENT PRESENTATION

The consolidated financial statements include the accounts of BUDC, WTC, and Northland. All significant intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements. These consolidated financial statements have been prepared in conformity with U.S. GAAP.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

BUDC is considered a special-purpose government engaged in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The financial statements of BUDC are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred; regardless of when the cash transaction takes place.

Nonexchange transactions, in which BUDC gives or receives value without directly receiving or giving equal value in exchange, include grants. Revenue from grants is recognized in the year in which all eligibility requirements have been satisfied.

E. CASH AND RESTRICTED CASH

BUDC's cash consists of cash on hand and demand deposits. Certain assets are classified on the consolidated statements of net position as restricted because their use is limited.

**BUFFALO URBAN DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. LOANS RECEIVABLE

Loans receivable are presented net of an allowance for uncollectible accounts. BUDC maintains an allowance for estimated uncollectible accounts which is based on an analysis of the loan portfolio and reflects an amount that, in management's judgment, is adequate to provide for potential loan losses. Loans are written off when, in management's judgment, no legal recourse is available to collect the amount owed.

Interest on loans receivable is accrued as required by the terms of the agreement; management considers that collection is probable based on the current economic condition of the borrower. Accrual of interest ceases when management adjusts a loan reserve to 50% or more of the loan's outstanding balance.

G. OTHER CURRENT ASSETS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses. These amounts are included in other current assets and amounted to \$5,206,009 and \$5,748,442 for December 31, 2023 and 2022, respectively. Other current assets include interest and accounts receivables and amounted to \$543,140 and \$481,676 for December 31, 2023 and 2022, respectively.

H. CAPITAL ASSETS

Capital assets are recorded at acquisition cost and depreciated over the estimated useful lives of the respective assets using the straight-line method. The cost of repairs, maintenance and minor replacements are expensed as incurred, whereas expenditures that materially extend property lives are capitalized. When depreciable property is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in income. Contributed capital assets are recorded at fair value at the date received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the BUDC are as follows:

| | <u>Capitalization Threshold</u> | <u>Depreciation Method</u> | <u>Estimated Useful Life</u> |
|----------------------------|-------------------------------------|--------------------------------|----------------------------------|
| Furniture and equipment | \$1,000 | Straight-line | 3-10 years |
| Buildings and improvements | \$1,000 | Straight-line | 5-40 years |

I. INSURANCE

BUDC is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, personal injury liability, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Settled claims from these risks has not yet exceeded commercial insurance coverage for the past three years.

J. NET POSITION

Equity is classified as net position and displayed in three components:

- a. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and related debt.
- b. *Restricted* - Consists of net positions with constraints on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Included in this classification are the Buffalo Brownfields Redevelopment Fund and a loan fund.
- c. *Unrestricted* - The net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by BUDC.

BUFFALO URBAN DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. INCOME TAXES

BUDC is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and the income realized will not be subject to New York State corporate franchise tax. BUDC is subject to unrelated business income tax related to certain lending transactions associated with WTC.

L. STATEMENTS OF CASH FLOWS

For the purposes of the statements of cash flows, BUDC considers all cash, other than restricted cash, which includes cash and demand accounts.

M. USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

N. LEASES

BUDC determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to. A contract is or contains a lease when the contract conveys control of the right to use another entity's nonfinancial asset for a period of time in an exchange or an exchange-like transaction.

As a lessor, Northland has a lease under the Master Lease Agreement (Note 8). Northland recorded a right to use asset and liability amounting to \$8,060,094 at January 1, 2022 upon adoption of Statement No. 87 Leases. The liability includes unamortized prepaid rent payments. Lease revenue is recognized straight line over the life of the Master Lease Agreement.

As a lessee, BUDC has a lease for office space. The agreement was month to month through November 2023. Effective December 1, 2023, an agreement was signed that extended the lease through July 31, 2027. BUDC recorded a right to use asset and liability amounting to \$71,029 as of December 31, 2023.

O. ACCOUNTING PRONOUNCEMENTS

BUDC has evaluated the provisions of Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, Statement No. 96, *Subscription-Based Information Technology Arrangements* and Statement No. 99, *Omnibus 2022*, which will be effective based on individual applications and determined that they have no significant impact on BUDC's financial statements.

The following are GASB Statements that have been issued recently and are currently being evaluated, by the BUDC, for their potential impact in future years.

- Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62, which will be effective for the year ending December 31, 2024.
- Statement No. 101, *Compensated Absences*, which will be effective for the year ending December 31, 2024.
- Statement No. 102, *Certain Risk Disclosures*, which will be effective for the year ending December 31, 2025.

BUFFALO URBAN DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS

BUDC's investment policies are governed by State statutes. In addition, BUDC has its own written investment policy. BUDC monies must be deposited in Federal Deposit Insurance Corporation (FDIC)-insured commercial banks or trust companies located within the State. BUDC is authorized to use interest bearing demand accounts and certificates of deposit. Permissible investments include obligations of the United States Treasury and its agencies, repurchase agreements and obligations of the State and its localities.

Collateral is required for demand deposits and certificates of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State and its municipalities and school districts and obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

As of December 31, 2023 and 2022, BUDC's aggregate bank deposits were considered fully collateralized.

Investment and Deposit Policy

BUDC follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of BUDC's Treasurer.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. BUDC's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

BUDC's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. BUDC's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with BUDC's investment and deposit policy, all deposits of BUDC including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Corporation (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. BUDC restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by the State of New York and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations.

NOTE 3. LOANS RECEIVABLE

In 2017, BUDC made a loan in the amount of \$9,666,400 to Northland NMTC Investment Fund, LLC (NMTC). Interest accrues at the rate of one percent per annum (1%) and is due quarterly. Interest only payments from the date of first advance, which was December 28, 2017 through December 31, 2024 are payable quarterly. Principal and interest shall be paid commencing December 31, 2024 through December 31, 2042. NMTC pledges its entire interest in BACDE NMTC Fund 16, LLC and NTCIC-Northland, LLC. BUDC's policy is to present loans receivable net of an allowance for uncollectible loans. Management has determined that no allowance for this loan was necessary in 2023 and 2022.

BUFFALO URBAN DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

Capital asset activity for the BUDC for the year ended December 31, 2023 was as follows:

| | <u>January 1, 2023</u> | <u>Increase</u> | <u>Decreases</u> | <u>December 31, 2023</u> |
|--------------------------------------|------------------------|-----------------------|------------------|--------------------------|
| Non-depreciable capital assets: | | | | |
| Land | \$ 874,014 | \$ - | \$ - | \$ 874,014 |
| Idle buildings and improvements | <u>5,169,695</u> | <u>360,493</u> | <u>-</u> | <u>5,530,188</u> |
| Total non-depreciable capital assets | <u>6,043,709</u> | <u>360,493</u> | <u>-</u> | <u>6,404,202</u> |
| Depreciable capital assets: | | | | |
| Buildings and improvements | 107,884,114 | 3,440 | - | 107,887,554 |
| Furniture and equipment | 7,424,410 | - | 23,760 | 7,400,650 |
| Less: accumulated depreciation | <u>16,609,018</u> | <u>4,138,093</u> | <u>16,690</u> | <u>20,730,421</u> |
| Total depreciable assets, net | <u>98,699,506</u> | <u>(4,134,653)</u> | <u>7,070</u> | <u>94,557,783</u> |
| Total capital assets, net | <u>\$ 104,743,215</u> | <u>\$ (3,774,160)</u> | <u>\$ 7,070</u> | <u>\$ 100,961,985</u> |

Capital asset activity for the BUDC for the year ended December 31, 2022 was as follows:

| | <u>January 1, 2022</u> | <u>Increase</u> | <u>Decreases</u> | <u>December 31, 2022</u> |
|--------------------------------------|------------------------|-----------------------|------------------|--------------------------|
| Non-depreciable capital assets: | | | | |
| Land | \$ 874,014 | - | - | \$ 874,014 |
| Idle buildings and improvements | <u>5,024,834</u> | <u>144,861</u> | <u>-</u> | <u>5,169,695</u> |
| Total non-depreciable capital assets | <u>5,898,848</u> | <u>144,861</u> | <u>-</u> | <u>6,043,709</u> |
| Depreciable capital assets: | | | | |
| Buildings and improvements | 107,884,114 | - | - | 107,884,114 |
| Furniture and equipment | 7,501,625 | 9,700 | 96,915 | 7,424,410 |
| Less: accumulated depreciation | <u>12,509,362</u> | <u>4,152,123</u> | <u>52,467</u> | <u>16,609,018</u> |
| Total depreciable assets, net | <u>102,886,377</u> | <u>(4,142,423)</u> | <u>44,448</u> | <u>98,699,506</u> |
| Total capital assets, net | <u>\$ 108,785,225</u> | <u>\$ (3,997,562)</u> | <u>\$ 44,448</u> | <u>\$ 104,743,215</u> |

Land, buildings, and improvements related to the Northland Corridor amounted to \$6,404,202 and \$6,043,709 at December 31, 2023 and 2022. BUDC intends to return these properties to productive use, assist with revitalizing the surrounding neighborhood, and provide employment opportunities for nearby residents by creating a new manufacturing hub on the City's east side. Once completed, BUDC expects to lease the property to local businesses, government agencies, and nonprofit organizations.

Due to the extensive amount of revitalization, pollution remediation (Note 15), and other related activities, the anticipated costs of certain Northland properties exceed the expected fair value of the properties based on current estimates. Adjustments to net realizable value totaled \$51,838 and \$11,340 for the years ended December 31, 2023 and 2022, respectively.

BUFFALO URBAN DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5. LAND AND IMPROVEMENTS HELD FOR DEVELOPMENT AND SALE

In 2002, on behalf of the City, BUDC agreed to undertake a multi-phase Brownfield reclamation and redevelopment project at the former Hanna Furnace site and land surrounding the Union Ship Canal, now known as Buffalo Lakeside Commerce Park (BLCP). BUDC accepted 104 acres of tax foreclosed property from the City, demolished derelict structures, and constructed approximately 5,000 linear feet of roads and infrastructure. Funding for this work was provided by the State, the City, and the County. With additional funding from the State, BUDC purchased 130 acres of land to add to the BLCP and constructed additional roads and infrastructure. Between 2004 and 2008 there were multiple BLCP parcels sold to local businesses. In 2022, approximately 72 acres of land, was sold to local developers.

In 2018, BUDC purchased approximately 7 acres of property at 308 Crowley Street in the City of Buffalo for the purpose of remediation and redevelopment. The property includes a derelict building which underwent select demolition. One acre of land was sold in 2020, .65 acres were sold in 2021, and the remaining property (5.687 acres) was sold in 2022.

Land and improvements held for sale are recorded at net realizable value based on assessment of the fair value of each project as follows at December 31:

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| BLCP | \$ 6,045,055 | \$ 6,038,215 |
| Less adjustment to net realizable value (BLCP) | <u>5,256,843</u> | <u>5,250,003</u> |
| Total capital assets, net | <u>\$ 788,212</u> | <u>\$ 788,212</u> |

NOTE 6. GRANTS RECEIVABLE AND UNEARNED REVENUE

BUDC was awarded several grants between 2016-2021 from Empire State Development (ESD) for the demolition, remediation, renovation, construction and site/street improvements for various Northland properties and the Western New York Workforce Training Center project (Training Center). In 2022, BUDC was awarded two grants totaling \$14,446,429 for Phase 1 of the Build Back Better Regional Challenge. \$14,431,065 remains outstanding in grants receivable from the U.S. Department of Commerce Economic Development Administration (EDA) as of December 31, 2023 (\$14,446,429 – 2022).

In 2019, BUDC was awarded a \$3,998,549 grant from ESD under the Restore NY Program in support of the demolition and rehabilitation at certain properties in the Northland Corridor. A \$131,250 grant was also awarded from National Grid's Brownfield Redevelopment Program in support of this work. In 2023, an additional \$55,000,000 was awarded from ESD's RECAP program relating to this project, as well as \$1,800,000 from ESD to support work on solar micro-grid projects at the properties. As of December 31, 2023 \$58,460,727 is outstanding in grants receivable from ESD (\$1,660,727 – 2022).

Between 2019-2023, BUDC was awarded ten grants from the Ralph C. Wilson, Jr. Foundation totaling \$67,055,200 for project coordination and advancing the transformation of Ralph C. Wilson, Jr. Centennial Park into a world-class park and recreational amenity for the City and the Western New York Region. As of December 31, 2023, \$4,689,000 is outstanding in grants receivable from the Ralph C. Wilson, Jr. Foundation (\$14,876,050 – 2022).

To further add the shoreline components of the Centennial Park project, BUDC was awarded four grants totaling \$11,989,035 from the Great Lakes Commission between 2020-2023. \$10,584,233 is outstanding in grants receivable at December 31, 2023. There was no amount outstanding in grants receivable at December 31, 2022. In 2022, BUDC was awarded a \$300,000 grant from Community Foundation for Southeast Michigan and a \$50,000 grant from Community Foundation for Greater Buffalo. In 2023, both grants were renewed and awarded at the same amount. As of December 31, 2023, there is no balance outstanding in grants receivable (\$50,000 – 2022).

In 2022, BUDC was awarded a \$960,000 grant from the MLB-MLBPA Youth Development Foundation in support of field lighting and youth baseball fields construction. As of December 31, 2023 and 2022, \$860,000 is outstanding in grants receivable.

BUFFALO URBAN DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6. GRANTS RECEIVABLE AND UNEARNED REVENUE (CONTINUED)

The following is a summary of grants receivable and unearned grant revenue at December 31,:

| | <u>2023</u> | <u>2022</u> |
|-------------------------------|----------------------|----------------------|
| Grant receivable: | | |
| ESD | \$ 58,535,726 | \$ 1,660,727 |
| EDA | 14,431,065 | 14,446,429 |
| Great Lakes Commission | 10,584,233 | - |
| Ralph C Wilson Jr. Foundation | 4,689,000 | 14,876,050 |
| MLB-MLBPA Youth Development | 860,000 | 860,000 |
| National Grid | 250,000 | 250,000 |
| Community Foundation | - | 50,000 |
| General Motors | - | 40,000 |
| | <u>\$ 89,350,024</u> | <u>\$ 32,183,206</u> |
| Unearned revenue: | | |
| ESD | \$ 58,155,314 | \$ 1,704,068 |
| Ralph C Wilson Jr. Foundation | 19,842,714 | 35,906,550 |
| EDA | 14,371,153 | 14,426,952 |
| Great Lakes Commission | 10,648,043 | - |
| MLB-MLBPA Youth Development | 960,000 | 960,000 |
| National Grid | 381,250 | 381,250 |
| Community Foundation | 25,000 | 325,000 |
| Other | - | 100,000 |
| General Motors | - | 40,000 |
| | <u>\$104,383,474</u> | <u>\$ 53,843,820</u> |

NOTE 7. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The following is a summary of accounts payable and accrued expenses at December 31,:

| | <u>2023</u> | <u>2022</u> |
|------------------------|-------------------|-------------------|
| Accounts payable | \$ 493,866 | \$ 186,573 |
| Accrued payroll | 27,128 | 28,017 |
| Accrued interest | 3,973 | 9,168 |
| Other accrued expenses | 3,100 | 20,364 |
| | <u>\$ 528,067</u> | <u>\$ 244,122</u> |

NOTE 8. MASTER LEASE AGREEMENT

Northland has a Master Lease Agreement (the Agreement) with the master tenant member to receive lease income commencing August 26, 2018, the day prior to the first date on which Phase I of the Building was placed in service for purposes of the historical tax credits, through August 31, 2038. As a lessor, the underlying building and other assets are recorded as a right to use asset and corresponding deferred lease liability in line with the lessee's books and records as of December 31, 2022. Northland utilized an interest rate of 2.05% to calculate the deferred lease liability. Additionally, the underlying assets were not derecognized and remain on the statements of net position within capital assets.

Northland recognized \$1,913,150 in lease revenue related to the Agreement for the year ended December 31, 2023 (\$1,879,742 – 2022). The lease agreement includes scheduled lease increases over the term of the lease, which in accordance with U.S. GAAP, will be recognized on a straight-line basis over the term of the lease. Northland will reduce the deferred lease liability by \$1,896,446 over each of the next 5 years and through the remainder of the life of the lease agreement.

BUFFALO URBAN DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8. MASTER LEASE AGREEMENT (CONTINUED)

Under the Agreement, Northland receives base and prepaid lease payments. All prepaid rent payments required under the Agreement have been made as of December 31, 2022. Unamortized prepaid lease payments amounted to \$19,272,413 as of December 31, 2023 (\$20,693,140 – 2022). The unamortized lease payments related to base rent amounted to \$7,399,171 as of December 31, 2023 (\$7,737,832 – 2022).

Future minimum rental receipts to be received under the Master Lease Agreement are contractually due as follows as of December 31, 2023:

| | | |
|------------|----|------------------|
| 2024 | \$ | 528,046 |
| 2025 | | 558,098 |
| 2026 | | 565,617 |
| 2027 | | 580,645 |
| 2028 | | 596,024 |
| Thereafter | | <u>5,713,704</u> |
| | \$ | <u>8,542,134</u> |

NOTE 9. NOTE PAYABLE

In connection with the purchase of property related to BLCP, BUDC issued a non-interest bearing note payable in an amount equal to the greater of \$525,000 (\$13,125 per acre) or a percentage of the resale price of the developed property. The note was paid in full during the year ended December 31, 2022.

NOTE 10. LINE OF CREDIT

BUDC entered into a revolving line of credit agreement with KeyBank on April 29, 2020 which allows for borrowings up to \$1,800,000. Borrowings are to be used to pay for specific projects that are reimbursed through grants but require the work to be completed prior to reimbursement and for general working capital purposes. Borrowed amounts on the line bear interest at an adjusted LIBOR rate per annum and are collateralized by security interest in all assets of BUDC. Interest payments are due on the first of each month. Principal is due upon demand. The line of credit had no outstanding balance at December 31, 2023 and 2022.

Northland entered into a non-revolving line of credit agreement with KeyBank on April 29, 2020 which allows for borrowings up to \$1,000,000. Agreement was amended on December 29, 2022, and allows borrowings up to \$677,158. A further amendment was made extending the maturity date to September 30, 2024. Buffalo Urban Development Corporation, 683 WTC, LLC, and BBRC Land Company I, LLC, related parties, are guarantors under this agreement. Borrowings were used to pay interest on the Bridge loans (see Note 11) while awaiting member contributions. Borrowed amounts on the line bear interest at an adjusted daily SOFR rate plus 2.4% (7.8% at December 31, 2023) per annum (6.19% at December 31, 2022) and are collateralized by security interest in all assets of 683 WTC, LLC, BUDC and BBRC Land Company I, LLC. All outstanding principal and interest amounts are due upon maturity. The amount outstanding on the line of credit amounted to \$570,000 at December 31, 2023 (\$677,158 – 2022). Accrued interest amounted to \$3,973 at December 31, 2023. There was no accrued interest pertaining to the line of credit at December 31, 2022.

NOTE 11. LOANS PAYABLE

Mortgage Payable

During 2017, Northland borrowed amounts totaling \$13,730,000 related to the Northland Corridor project from BACDE NMTC Fund 16, LLC and NTCIC-NORTHLAND, LLC. Buffalo Urban Development Corporation, a related party, is a guarantor on the loan agreement. Interest accrues at the rate of 1.33776% and is due quarterly. The loans are collateralized by the building. Interest only payments from the date of the agreement, December 28, 2017 through December 31, 2024 are payable quarterly. Principal and interest are due quarterly, commencing December 31, 2024, until the maturity date of December 28, 2052. Under the loan agreements, the Company shall pay BACDE NMTC Fund 16, LLC an annual asset management fee of \$45,000 through 2025 and NTCIC-NORTHLAND, LLC an annual asset management fee of \$10,000 through 2026. Asset management fees amounted to \$55,000 for years ending December 31, 2023 and 2022.

BUFFALO URBAN DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11. LOANS PAYABLE (CONTINUED)

Bridge Loans

Northland entered into a bridge loan agreement with KeyBank on December 28, 2017, in the amount of \$20,000,000 (Loan A). Buffalo Urban Development Corporation, 683 WTC, LLC, and BBRC Land Company I, LLC, related parties, are guarantors on these loan agreements. The loan is collateralized by security interest in all assets of 683 WTC, LLC, BBRC Land Company I, LLC and 683 Northland LLC, assignment of rents by the Company, and assignment of construction contracts and architect's agreements. The bridge loan agreement for Loan A was extended through June 30, 2023 and has been fully paid off as of December 31, 2023. The outstanding balance totaled \$1,001,167 as of December 31, 2022. Interest on Loan A is calculated at the adjusted daily SOFR rate plus 2.4%. Previous to December 29, 2022, interest on Loan A was calculated at prime rate (as established by KeyBank), plus .25% with a floor of 3%. There was no accrued interest pertaining to Loan A at December 31, 2023 (\$9,168 - 2022). Management repaid Loan A with capital contributions from the managing member.

Term Note

BUDC entered into a term note agreement with M&T Bank on February 28, 2019 totaling \$369,750 for the purchase of the land and building at 714 Northland. This note is interest-bearing only until maturity in March 2024. Interest on the note is calculated at one-month LIBOR plus 2.65 percentage points (8.13% at December 31, 2023). During February 2024, BUDC paid off the term note in full.

The above debt is summarized by funding source below as follows at December 31:

| | <u>2023</u> | <u>2022</u> |
|-------------------------|----------------------|----------------------|
| KeyBank | - | \$ 1,001,167 |
| BACDE NMTC Fund 16, LLC | 8,730,000 | 8,730,000 |
| NTCIC-NORTHLAND, LLC | 5,000,000 | 5,000,000 |
| M&T Bank | 369,750 | 369,750 |
| | <u>\$ 14,099,750</u> | <u>\$ 15,100,917</u> |

Current maturities of long term debt are as follows for the years ended December 31:

| | |
|------------|----------------------|
| 2024 | \$ 469,938 |
| 2025 | 404,116 |
| 2026 | 409,549 |
| 2027 | 415,056 |
| 2028 | 420,636 |
| Thereafter | <u>11,980,455</u> |
| | <u>\$ 14,099,750</u> |

Interest expense for the years ending December 31, 2023 was \$197,771 and (\$260,911 – 2022).

NOTE 12. EQUITY INVESTMENT

Equity investment represents WTC's 1% investment in 683 Northland Master Tenant, LLC (Master Tenant). WTC utilizes the historical cost method of accounting for its investment in the Master Tenant which results in the equity investment balance being comprised of WTC's original capital contribution in the Master Tenant. The investment amounted to \$154,859 at December 31, 2023 (\$178,051 – 2022).

NOTE 13. RESTRICTED NET POSITION

BUDC's restricted net deficit consists of amounts related to the Buffalo Brownfields Redevelopment Fund in the amount of \$38,451 at December 31, 2023. BUDC's restricted net position related to the Buffalo Brownfields Redevelopment Fund was \$179,785 at December 31, 2022. BUDC's restricted net position also consisted of a loan fund that was terminated during 2023. BUDC's restricted net position related to the loan fund was \$3,229,454 at December 31, 2022.

BUFFALO URBAN DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14. NOTES RECEIVABLE WTC

BUDC and WTC have note agreements in the amount of \$25,045,279 and \$27,142,000 whereby BUDC will advance proceeds to WTC as requested. The notes carry an interest rate of one percent (1%), compounded annually and the notes are for a period of thirty years. The balance of the notes plus accrued interest is due upon maturity date at December 28, 2047 and November 24, 2050. The total outstanding balance on these notes was \$52,187,279 at December 31, 2023 and 2022. Accrued interest on the loan amounted to \$2,545,392 at December 31, 2023 (\$2,023,519 – 2022). These notes and the related interest are eliminated upon consolidation.

NOTE 15. POLLUTION REMEDIATION

Various pollution remediation activities will be necessary as BUDC moves into Phase 3 redevelopment at the Northland Corridor. Based on preliminary environmental studies, demolition plans, and design plans, management believes that remediation activities should total approximately \$3,000,000. Management expects that the entire cost of the remediation will be reimbursed by grants; therefore, no pollution remediation liability has been accrued in these consolidated financial statements.

NOTE 16. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

The prior year financial statements have been restated to correct an error in classification related to beginning net position. Previously reported restricted net position and unrestricted deficit position during the year ending December 31, 2022, amounted to \$3,409,239 and \$6,240,998 respectively. Restricted net position increased \$272,231 and unrestricted deficit position decreased \$272,231.

NOTE 17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through [Date], which is the date the consolidated financial statements are available for issuance and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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SUPPLEMENTARY INFORMATION

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**BUFFALO URBAN DEVELOPMENT CORPORATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2023**

| | Buffalo Urban Development Corporation | 683 WTC LLC | 683 Northland LLC | Eliminations | Total |
|--|---|----------------|----------------------|------------------|----------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 16,518,845 | \$ 60 | \$ 23,208 | \$ - | \$ 16,542,113 |
| Grants receivable | 89,350,024 | - | - | - | 89,350,024 |
| Restricted cash | 316,618 | - | 143,926 | - | 460,544 |
| Other current assets | 8,156,854 | 28,833 | 132,359 | (2,568,897) | 5,749,149 |
| Total current assets | 114,342,341 | 28,893 | 299,493 | (2,568,897) | 112,101,830 |
| Noncurrent assets: | | | | | |
| Loans receivable | 61,853,679 | - | - | (52,187,279) | 9,666,400 |
| Equity investment | - | 67,074,772 | - | (66,919,913) | 154,859 |
| Capital assets, net | 8,687,015 | - | 92,274,970 | - | 100,961,985 |
| Right to use asset | 71,029 | - | 7,399,171 | - | 7,470,200 |
| Land and improvements held for sale, net | 788,212 | - | - | - | 788,212 |
| Total noncurrent assets | 71,399,935 | 67,074,772 | 99,674,141 | (119,107,192) | 119,041,656 |
| Total assets | \$ 185,742,276 | \$ 67,103,665 | \$ 99,973,634 | \$ (121,676,089) | \$ 231,143,486 |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable and accrued expenses | \$ 523,814 | \$ 2,568,897 | \$ 4,253 | (2,568,897) | \$ 528,067 |
| Unearned grant revenue | 104,383,474 | - | - | - | 104,383,474 |
| Lines of credit | - | - | 570,000 | - | 570,000 |
| Current portion of loans payable | 369,750 | - | 100,188 | - | 469,938 |
| Total current liabilities | 105,277,038 | 2,568,897 | 674,441 | (2,568,897) | 105,951,479 |
| Noncurrent liabilities: | | | | | |
| Deferred lease liability | 71,029 | - | 26,671,584 | - | 26,742,613 |
| Loans payable | - | 52,187,279 | 13,629,812 | (52,187,279) | 13,629,812 |
| Total noncurrent liabilities | 71,029 | 52,187,279 | 40,301,396 | (52,187,279) | 40,372,425 |
| NET POSITION (DEFICIT) | | | | | |
| Net investment in capital assets | 9,105,477 | - | 78,544,970 | - | 87,650,447 |
| Restricted (deficit) position, as restated (see Note 16) | 233,780 | - | - | - | 233,780 |
| Unrestricted (deficit) position, as restated (see Note 16) | 71,054,952 | 12,347,489 | (19,547,173) | (66,919,913) | (3,064,645) |
| Total net position (deficit) | 80,394,209 | 12,347,489 | 58,997,797 | (66,919,913) | 84,819,582 |
| Total liabilities and net position | \$ 185,742,276 | \$ 67,103,665 | \$ 99,973,634 | \$ (121,676,089) | \$ 231,143,486 |

(1) This represents activities 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
FOR THE YEAR ENDED DECEMBER 31, 2023**

| | Buffalo Urban Development Corporation | 683 WTC LLC | 683 Northland LLC | Eliminations | Total |
|---|---|----------------------|----------------------|------------------------|----------------------|
| Operating revenues: | | | | | |
| Grant revenue | \$ 31,596,676 | \$ - | \$ - | \$ - | \$ 31,596,676 |
| Lease and other revenue | 141,321 | 897,001 | 1,913,150 | - | 2,951,472 |
| Loan interest | 618,537 | - | - | (521,873) | 96,664 |
| Brownfield funds | 35,823 | - | - | - | 35,823 |
| Total operating revenue | <u>32,392,357</u> | <u>897,001</u> | <u>1,913,150</u> | <u>(521,873)</u> | <u>34,680,635</u> |
| Operating expenses: | | | | | |
| Development costs | 30,900,700 | - | - | - | 30,900,700 |
| Adjustment to net realizable value | 74,961 | - | - | - | 74,961 |
| Salaries and benefits | 440,561 | - | - | - | 440,561 |
| General and administrative | 1,454,288 | 128,150 | 160,076 | - | 1,742,514 |
| Management fee | 87,262 | - | 55,000 | - | 142,262 |
| Depreciation | 79,786 | - | 4,058,307 | - | 4,138,093 |
| Total operating expenses | <u>33,037,558</u> | <u>128,150</u> | <u>4,273,383</u> | <u>-</u> | <u>37,439,091</u> |
| Operating (loss) income | <u>(645,201)</u> | <u>768,851</u> | <u>(2,360,233)</u> | <u>(521,873)</u> | <u>(2,758,456)</u> |
| Nonoperating revenues (expenses): | | | | | |
| Gain on disposal | - | - | 8,329 | - | 8,329 |
| Interest income | 148,924 | (22,867) | 361 | - | 126,418 |
| Interest expense | (29,093) | (521,873) | (168,678) | 521,873 | (197,771) |
| Total nonoperating revenues (expenses), net | <u>119,831</u> | <u>(544,740)</u> | <u>(159,988)</u> | <u>521,873</u> | <u>(63,024)</u> |
| Change in net position | <u>(525,370)</u> | <u>224,111</u> | <u>(2,520,221)</u> | <u>-</u> | <u>(2,821,480)</u> |
| Net position - beginning of year | 80,919,579 | 12,123,378 | 60,669,506 | (66,113,712) | 87,598,751 |
| Add: capital contributions | - | - | 896,712 | (852,001) | 44,711 |
| Less: distributions | - | - | (48,200) | 45,800 | (2,400) |
| Net position - end of year | <u>\$ 80,394,209</u> | <u>\$ 12,347,489</u> | <u>\$ 58,997,797</u> | <u>\$ (66,919,913)</u> | <u>\$ 84,819,582</u> |

(1) This represents activities between the entities to be eliminated for the consolidated financial statements.

INTERNAL CONTROL AND COMPLIANCE

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Buffalo Urban Development Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Buffalo Urban Development Corporation (BUDC) as of and for the year ended December 31, 2023, and the related notes to the consolidated financial statements, which collectively comprise BUDC's consolidated financial statements, and have issued our report thereon dated [REDACTED]. The financial statements of 683 Northland, LLC were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with 683 Northland, LLC.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered BUDC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of BUDC's internal control. Accordingly, we do not express an opinion on the effectiveness of BUDC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the BUDC's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether BUDC's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of BUDC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BUDC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Buffalo, New York

DATE

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**AUDITED
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION**

BUFFALO BROWNFIELDS REDEVELOPMENT FUND

DECEMBER 31, 2023

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Tentative and Preliminary
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**BUFFALO BROWNFIELDS REDEVELOPMENT FUND
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**BUFFALO BROWNFIELDS REDEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023**

Operating revenues:

| | |
|---------------------------------|---------------|
| City of Buffalo PILOTs - Sonwil | \$ 9,283 |
| County of Erie PILOTs - Sonwil | 62,363 |
| Total operating revenues | <u>71,646</u> |

Operating expenses:

| | |
|---------------------------------|----------------|
| County of Erie share of PILOTs | 31,181 |
| City of Buffalo share of PILOTs | 4,642 |
| Eligible project costs | 262,557 |
| Total operating expenses | <u>298,380</u> |

Operating loss (226,734)

Nonoperating revenues:

| | |
|-----------------|--------------|
| Interest income | <u>8,498</u> |
|-----------------|--------------|

Change in net position (218,236)

Net position - beginning, as restated (See Note 2) 452,106

Net position - ending, as restated \$ 233,870

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**BUFFALO BROWNFIELDS REDEVELOPMENT FUND
NOTES TO THE SCHEDULE**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity: The Buffalo Brownfields Redevelopment Fund (the Fund) was formed in July 2005 by agreement between Erie County Industrial Development Agency (ECIDA), the City of Buffalo (the City), the County of Erie (the County), and Buffalo Urban Development Corporation (BUDC) for the purpose of remediation and redevelopment of Brownfield properties in the City. Under this agreement, ECIDA receives payments in lieu of taxes (PILOTs) from property owners located within the Buffalo Lakeside Commerce Park (BLCP). These PILOT payments are the result of abated City and County property taxes, as authorized by ECIDA. A portion of these PILOT payments is paid to the City and County, while the remainder is held in the Fund to assist in further development of BLCP. After completion of BLCP, funds can be used in connection with similar projects located within the City that are undertaken by BUDC.

Basis of Presentation: The schedule of revenues, expenses, and changes in net position (the schedule) presents the activity of the Fund, which is accounted for and is part of BUDC's financial statements. The schedule has been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America as applied to governmental units and specifically business-type activities. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

NOTE 2. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

The prior year financial statement has been restated to correct an error related to beginning net position. Previously reported net position during the year ending December 31, 2022 amounted to \$179,785. Net position at December 31, 2022 increased by \$272,321 due to the restatement.

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For Discussion and Internal
Purposes Only-Subject to Revision

Buffalo Urban Development Corporation

Investment Report

For the year ended December 31, 2023

Buffalo Urban Development Corporation

2023 Annual Investment Report

Purpose of Report:

Under Section 2925(6) of the Public Authorities Law, BUDC is required to annually prepare and approve an Investment Report. The Investment Report is to include: BUDC's Investment Guidelines (see below), the results of the annual independent audit (see below), a list of the total investment income received by the corporation and a list of the fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associated services to the corporation since the last investment report.

The attached schedule details the corporation's investment income and related fees for the year ended December 31, 2023 and was approved by the BUDC Board of Directors at their March 26, 2024 meeting.

Investment Guidelines:

In accordance with Section 2925 of the Public Authorities Law, BUDC is required to adopt Investment Guidelines which detail its operative policy and instructions to staff regarding the investing, monitoring and reporting of funds of the Agency. In addition, BUDC has elected to follow the deposit and investment restrictions contained in Sections 10 and 11 of the General Municipal Law as a "best practice".

BUDC's Investment Guidelines were approved by the BUDC Board of Directors at their March 26, 2024 meeting and are posted on the BUDC website at <http://www.buffalourbandevelopment.com/budc-corporate-policies>. The Investment Guidelines are consistent with the Guidelines adopted on March 28, 2023.

Investment Audit:

BUDC's auditors have audited the corporation's compliance with the Investment Guidelines for Public Authorities. In their report dated March XX, 2024 Freed Maxick CPAs have indicated that BUDC complied, in all material respects, with these Investment Guidelines.

Buffalo Urban Development Corporation (BUDC) and Affiliates

Annual Investment Report

For the year ended December 31, 2023

| Account Type | Financial Institution | G/L Balance 1/1/2023 | G/L Balance 12/31/2023 | Interest Rate ^a Dec 2023 | 2023 | | | Restricted Purpose |
|------------------------------------|-----------------------|-------------------------|---------------------------|--|-------------------|---------------|------------|---|
| | | | | | Investment Income | Fees | Restricted | |
| BUDC Accounts: | | | | | | | | |
| 1 Interest Checking | KeyBank | 20,097,419 | 16,281,041 | 0.85% | 138,751 | - | - | General BUDC checking account |
| 2 Checking | KeyBank | 6,100 | 1,100 | - | - | - | - | Northland Corridor account |
| 3 Checking | KeyBank | 3,229,454 | - | - | - | - | - | Downtown Loan Fund |
| 4 Interest Checking | M&T Bank | 452,106 | 231,550 | 3.25% | 8,498 | - | - | Restricted account for City of Buffalo real estate development ^b |
| 5 Interest Checking | KeyBank | 184,298 | 236,704 | 0.85% | 1,675 | - | - | Account for 714 Northland property |
| 6 Interest Checking | KeyBank | 84,990 | 85,068 | 0.85% | 667 | - | - | Imprest account for ESD grant #133857 ^c |
| 7 Interest Checking | KeyBank | - | - | 0.00% | - | - | - | Imprest account for ESD RECAP grant ^{cd} |
| | | <u>\$ 24,054,367</u> | <u>\$ 16,835,463</u> | | <u>\$ 149,591</u> | <u>\$ -</u> | | |
| 683 Northland LLC Accounts: | | | | | | | | |
| 8 Interest Checking | KeyBank | 66,665 | 23,208 | 0.85% | 356 | - | - | General 683 Northland checking account |
| 9 Interest Checking | KeyBank | 9,170 | 5,007 | 0.85% | 5 | - | - | Interest Reserve account |
| 10 Checking | Citibank | 91,000 | 61,000 | - | - | - | - | NTCIC Reserve checking account |
| 11 Checking | Citibank | 147,316 | 77,919 | - | - | 864 | - | BACDE Reserve checking account |
| | | <u>\$ 314,150</u> | <u>\$ 167,134</u> | | <u>\$ 361</u> | <u>\$ 864</u> | | |
| 683 WTC, LLC Accounts: | | | | | | | | |
| 12 Interest Checking | KeyBank | 188 | 60 | 0.81% | 325 | - | - | General 683 WTC Checking account |
| | | <u>\$ 188</u> | <u>\$ 60</u> | | <u>\$ 325</u> | <u>\$ -</u> | | |
| | | <u>\$ 24,368,705</u> | <u>\$ 17,002,657</u> | | <u>\$ 150,277</u> | <u>\$ 864</u> | | |

Notes:

All accounts are FDIC guaranteed and secured by collateral posted by the depository or its agent for balances above the FDIC limit.

^a The Interest Rate is the annualized rate for the month of December 2023 and is prior to the deduction of fees (if any).

^b This account is known as the Buffalo Brownfields Redevelopment Fund (BBRF) and is held by the ECIDA on behalf of BUDC.

^c Investment income earned is remitted to grantor in accordance with agreements.

^d New account opened in December 2023

BUFFALO URBAN DEVELOPMENT CORPORATION

INVESTMENT AND DEPOSIT POLICY

ARTICLE 1

Scope

Section 2925 of the New York Public Authorities Law requires the Buffalo Urban Development Corporation (the "Corporation") to adopt by resolution comprehensive investment guidelines which detail its operative policy and instructions to officers and staff regarding the investing, monitoring, and reporting of funds of the Corporation.

This investment and deposit policy ("Investment Policy") is adopted by the Corporation pursuant to the foregoing provisions of the Public Authorities Law and shall apply to all moneys and other financial resources available for investment on the Corporation's own behalf or, when applicable, on behalf of any other entity or individual. The provisions of this Investment Policy are also consistent with the requirements of Sections 10 and 11 of the New York General Municipal Law, which the Corporation is not required to comply with, but has elected to follow as a "best practice."

This Investment Policy shall be applicable to all affiliates and subsidiaries of the Corporation, and to all other affiliates or subsidiary companies of the Corporation which may hereafter be established by the Corporation, and which are determined to be subject to the requirements of Section 2925 of the Public Authorities Law (an "Affiliate"). Unless otherwise indicated, all references to the "Corporation" herein shall also include the each Affiliate.

ARTICLE 11

Governing Principles

A. Investment Objectives.

The primary objectives of the Corporation's investment policy are, in order of priority, as follows: (i) to conform with all applicable federal, state, and local laws and legal requirements; (ii) to adequately safeguard principal; (iii) to provide sufficient liquidity to meet all operating requirements of the Corporation; and (iv) to obtain a reasonable rate of return.

B. Diversification.

The policy of the Corporation is to diversify by investment instrument, by maturity, and where practicable by financial institution.

C. Internal Controls.

1. All funds received by an officer or employee of the Corporation shall be promptly deposited with the depositories designated by the Corporation (pursuant to Article III.A of this Investment Policy) for the receipt of such funds.
2. The Treasurer or Assistant Treasurer of the Corporation shall maintain or cause to be maintained a proper record of all books, notes, securities, or other evidence of indebtedness held by the Corporation for investment and deposit purposes. Such record shall identify the security, the fund for which it is held, the place where kept, the date of sale or other disposition, and the amount received from such sale or other disposition.
3. The Corporation is responsible for establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

D. Authorized Financial Institutions and Dealers.

The Corporation shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate limits to the amount of investments that may be outstanding with each financial institution or dealer. All financial institutions with which the Corporation conducts business must be creditworthy as determined by criteria established by the Treasurer or Assistant Treasurer of the Corporation. All banks with which the Corporation does business shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the Corporation. Security dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers.

E. Purchase of Investments.

The Corporation may contract for the purchase of investments directly, including through a repurchase agreement, from an authorized trading partner. All purchased obligations, unless registered or inscribed in the name of the Corporation, shall be purchased through, delivered to, and held in the custody of a bank or trust company. Such obligations shall be purchased, sold, or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the Corporation by the bank or trust company and shall be held pursuant to a written custodial agreement as described in Article IV.C.2 of this Policy.

F. Repurchase Agreements.

The Corporation may enter into repurchase agreements subject to the following restrictions:

1. All repurchase agreements must be entered into subject to a Master Repurchase Agreement.
2. Trading partners are limited to commercial banks or trust companies authorized to do business in New York State and primary reporting dealers.
3. Obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America.
4. No substitution of securities will be allowed.
5. Obligations purchased pursuant to a repurchase agreement shall be held by a custodian other than the trading partner, pursuant to a written custodial agreement that complies the terms of Article IV.C.2 of this Policy.

ARTICLE 111

Investments

A. General Policy,

It is the general policy of the Corporation that funds not required for immediate expenditure shall be invested as described in Article III.B below. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the probable income, net of fees, to be derived.

B. Permitted Investments.

The Treasurer or Assistant Treasurer is authorized to invest funds not required for immediate expenditure in the following investments, which are permitted under Section 1 1 of the General Municipal Law:

1. Special time deposit accounts in, or certificates of deposit issued by any commercial bank or trust company that is located in and authorized to do business in New York State, provided that such deposit account or certificate of deposit is secured in the same manner as provided in Article IV.B of this Investment Policy and is payable within such time as the proceeds shall be needed to meet expenditures for which the funds were obtained;

2. Obligations of the United States of America;
3. Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America;
4. Obligations of the State of New York; and
5. Such other obligations may be permitted under Section 1 1 of the General Municipal Law.

All investments as provided in Sections B(2) through B(5) of this Article shall be payable or redeemable at the option of the Corporation within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of the Corporation within two years of the date of purchase, and comply with such other requirements as set forth in Section 1 1 of the General Municipal Law.

ARTICLE IV

Deposits

A. Designation of Depositories.

The Corporation shall, by resolution, designate one or more commercial banks or trust companies for the deposit of Corporation funds received by the Corporation. Such resolution shall specify the maximum amount that may be kept on deposit at any time with each bank or trust company. Such designations and amounts may be changed at any time by further resolution of the Corporation.

B. Collateralization of Deposits.

All deposits of the Corporation (including certificates of deposit and special time deposits) in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured as follows:

1. By a pledge of "eligible securities" with an aggregate "market value" as defined by Section 10 of the General Municipal Law, at least equal to the aggregate amount of deposits. A list of eligible securities is attached hereto as Schedule A.
2. By a pledge of a pro rata portion of a pool of eligible securities, having in the aggregate a market value at least equal to the aggregate amount of deposits from all such officers within New York State at such bank or trust company.

3. By an irrevocable letter of credit issued by a qualified bank (other than the bank with which the money is being deposited or invested) in favor of the Corporation for a term not to exceed ninety (90) days with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest, if any. A qualified bank is one whose commercial paper and other unsecured short-term debt obligations are rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization or by a bank that is in compliance with applicable minimum risk-based capital requirements.

4. By an eligible surety bond payable to the Corporation for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claim's paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations. The terms and conditions of any eligible surety bond shall be subject to Board approval.

c. Safekeeping and Collateralization.

Eligible securities used for collateralizing deposits shall be held by the depository and/or third-party bank or trust company subject to security and custodial agreements as described below.

1. Security Agreement Requirements. The security agreement shall provide that eligible securities are being pledged to secure Corporation deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted, or released and the events which will enable the Corporation to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the Corporation, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the depository or its custodial bank.

2. Custodial Agreement Requirements. The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for the Corporation, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The custodial agreement should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The custodial agreement shall provide for the frequency of revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the Corporation a perfected interest in the securities and may include such other terms as the Board deems necessary.

ARTICLE V
Monitoring and Reporting Obligations

The following monitoring and reporting procedures shall be applicable in connection with the deposit and investment of funds subject to this Investment Policy:

A. Monthly Monitoring.

Each cash and investment account statement will be reviewed and reconciled on a monthly basis. The Treasurer or Assistant Treasurer will review each account reconciliation for accuracy and will investigate any unusual items noted.

B. Monitoring and Reporting.

Pursuant to Section 2925(5) of the Public Authorities Law, the Treasurer or Assistant Treasurer of the Corporation shall present a report at each meeting of the Board of Directors which will include the following information: (i) the cash and investment balances of the Corporation; (ii) identification of any new investments since the last report; (iii) information concerning the selection of investment bankers, brokers, agents dealers or auditors since the last report; and (iv) the names of the financial institutions holding Corporation deposits.

C. Annual Monitoring and Reporting.

1. On an annual basis, the Corporation will obtain an independent audit of its financial statements, which shall include an audit of its cash and investments and the Corporation's compliance with this Investment Policy. The results of the independent audit shall be made available to the Board of Directors at the time of its annual review of this Investment Policy.

2. Pursuant to Section 2925(6) of the Public Authorities Law, staff shall, on an annual basis, prepare and submit for Board approval an investment report which shall include this Investment Policy, amendments to the Investment Policy since the last investment report, an explanation of the Investment Policy and any amendments, the results of the annual independent audit, the investment income record of the Corporation and a list of the total fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associated services to the Corporation since the last investment report. The investment report will be distributed to those individuals identified in Section 2925(7)(b) of the Public Authorities Law. The Corporation shall make available to the public copies of its investment report upon reasonable request therefor.

ARTICLE VI
Annual Review

This Investment Policy shall be reviewed and approved by the Board of Directors of the Corporation on an annual basis.

ARTICLE VII
Savings Clause

Nothing contained in Section 2925 of the Public Authorities Law shall be deemed to alter, affect the validity of, modify the terms of or impair any contract, agreement or investment of funds made or entered into by the Corporation in violation of, or without compliance with the provisions of Section 2925 of the Public Authorities Law.

SCHEDULE A ELIGIBLE SECURITIES

Obligations issued by the United States of America, an agency thereof or a United States government sponsored corporation or obligations fully insured or guaranteed as to the payment of principal and interest by the United States of America, an agency thereof or a United States government sponsored corporation.

Obligations issued or fully guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank.

Obligations partially insured or guaranteed by any agency of the United States of America, at a proportion of the market value of the obligation that represents the amount of the insurance or guaranty.

Obligations issued or fully insured or guaranteed by the State of New York, obligations issued by a municipal corporation, school district or district corporation of New York State or obligations of any public benefit corporation which under a specific state statute may be accepted as security for deposit of public moneys.

Obligations issued by states (other than the State of New York) of the United States rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

Obligations of Puerto Rico rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

Obligations of counties, cities and other governmental entities of another state having the power to levy taxes that are backed by the full faith and credit of such governmental entity and rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

Obligations of domestic corporations rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization.

Any mortgage related securities, as defined in the Securities Exchange Act of 1934, as amended, which may be purchased by banks under the limitations established by federal bank regulatory agencies.

Commercial paper and bankers' acceptances issued by a bank (other than the bank with which the money is being deposited or invested) rated in the highest short-Term category by at least one nationally recognized statistical rating organization and having maturities of no longer than sixty days from the date they are pledged.

Zero-coupon obligations of the United States government marketed as "Treasury STRIPS."

Adopted: 4/7/2009

Re-Adopted: 4/6/2010

Re-Adopted: 3/29/2011

Re-Adopted: 3/27/2012

Re-Adopted: 3/26/2013

Re-Adopted: 3/25/2014

Amended and Adopted: 3/31/2015

Re-Adopted: 3/29/2016

Re-Adopted: 3/28/2017

Amended and Adopted: 3/27/2018

Re-adopted: 3/26/2019

Re-adopted: 3/31/2020

Re-adopted: 3/30/2021

Re-adopted: 3/29/2022

Re-adopted: 3/28/2023

Buffalo Urban Development Corporation

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Suite 404
Buffalo, New York 14203
phone: 716-856-6525
fax: 716-856-6754
web: buffalourbandevelopment.com



Item 3.1.6

MEMORANDUM

TO: BUDC Board of Directors
FROM: Mollie Profic, Treasurer
SUBJECT: Reimbursement of Brownfield Expenses from Brownfield Fund
DATE: March 26, 2024

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

A cumulative summary of reimbursements by project is below:

| Project | Amount |
|--------------------------------|---------------------|
| Buffalo Lakeside Commerce Park | \$ 1,735,223 |
| Riverbend | 128,566 |
| Northland Corridor | 3,142,603 |
| 308 Crowley | 68,439 |
| Total | \$ 5,074,831 |

Most recently, at its February 27, 2024 meeting, the Board approved the withdrawal of \$127,161 to assist in paying off the mortgage of 714 Northland Avenue. After that transaction, the uncommitted balance of the Fund stands at \$98,179.

BUDC is now requesting reimbursement of Riverbend and Northland costs incurred in 2023. 2023 costs incurred related to BLCP have been netted with income related to that property. Attachment 1 to this memorandum details the \$240,870 in eligible third-party costs that have been incurred by BUDC and which are eligible for reimbursement by the Fund. Due to the current balance of the Fund, the reimbursement of \$98,179 will leave \$9,750 in the Fund. The remaining \$9,750 is committed as matching funds for the New York State Brownfield Opportunity Area grant. Two property owners at BLCP have PILOT agreements in place that will begin to replenish the Fund for future use.

This item was reviewed with the Audit & Finance Committee members present on March 14, 2024.

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:

I am requesting that the Board approve the reimbursement to BUDC of \$98,179 in third party Riverbend and Northland costs from the BBRF as outlined in this memorandum.

Buffalo Urban Development Corporation
Summary of Costs Paid by BUDC & Reimbursable from BBRF
For the Year Ended December 31, 2023

| Buffalo Lakeside Commerce Park | <u>2023</u> |
|--|--------------------------|
| <i>Costs shared with BLCP Property Owners Association Members:</i> | |
| <i>Landscaping</i> | \$ 8,892 |
| <i>Legal Costs</i> | 2,219 |
| <i>Operations & Maintenance</i> | 3,279 |
| <i>Property Insurance</i> | 1,151 |
| <i>Snow removal</i> | 1,110 |
| <i>Utilities</i> | 106 |
| <i>Legal - property sales and compliance monitor</i> | 2,289 |
| <i>Operations & Maintenance</i> | 678 |
| <i>Consultants</i> | 1,500 |
| <i>Offset by: exclusivity fees recognized as revenue</i> | <u>(21,225)</u> |
| | (0) |
| Riverbend | |
| <i>Taxes, Operations & Maintenance</i> | 140 |
| Northland* | |
| <i>Insurance</i> | 85,906 |
| <i>General Development</i> | - |
| <i>Operations & Maintenance</i> | 8,615 |
| <i>Legal Costs</i> | 18,014 |
| <i>Snow removal</i> | 36,706 |
| <i>Landscaping</i> | 4,728 |
| <i>714 Northland costs</i> | 57,795 |
| <i>Consultants</i> | 25,550 |
| <i>Utilities (net of reimbursements)</i> | 15,356 |
| <i>Less: 612 Northland rents received</i> | <u>(11,940)</u> |
| | 240,730 |
| Total | <u><u>\$ 240,870</u></u> |

*Northland costs represent those costs that are not eligible or reimbursed through grant agreement(s).

683 Northland Master Tenant, LLC
Financial Statements
February 29, 2024
(Unaudited)

683 NORTHLAND MASTER TENANT, LLC
Balance Sheet

| ASSETS | February 2024 | January 2024 | December 2023 |
|---|--------------------------|-------------------------|--------------------------|
| Current assets: | | | |
| Cash | \$ 609,446 | \$ 487,423 | \$ 518,270 |
| Tenant receivable | 43,853 | 72,684 | 26,512 |
| Prepaid expenses | 99,081 | 108,535 | 117,269 |
| Total current assets | <u>752,381</u> | <u>668,642</u> | <u>662,052</u> |
| Prepaid rent - sublessee | 542,418 | 539,712 | 535,596 |
| Prepaid leasing commission | 185,999 | 188,468 | 190,936 |
| Tenant security deposits | 80,020 | 79,965 | 79,908 |
| Cash reserves | 339,790 | 349,558 | 349,306 |
| Equipment, net | 23,162 | 23,162 | 23,162 |
| Right of use asset - Master Lease Agreement | <u>26,380,584</u> | <u>26,526,110</u> | <u>26,671,582</u> |
| Total assets | <u>\$ 28,304,353</u> | <u>\$ 28,375,617</u> | <u>\$ 28,512,542</u> |
| LIABILITIES & MEMBERS' EQUITY | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 146,441 | \$ 76,996 | \$ 85,937 |
| Due to related parties | 254,935 | 254,935 | 254,935 |
| Total current liabilities | <u>401,376</u> | <u>331,931</u> | <u>340,872</u> |
| Operating deficit loan | 132,359 | 132,359 | 132,359 |
| Tenant security deposits | 79,850 | 79,850 | 79,850 |
| Deferred operating lease liability - Master Lease Agreement | 7,336,235 | 7,367,728 | 7,399,167 |
| Deferred operating lease liability - sublessee | 4,952,511 | 4,998,601 | 5,044,691 |
| Distribution payable - priority return | 257,904 | 257,904 | 257,904 |
| Total noncurrent liabilities | <u>12,758,859</u> | <u>12,836,442</u> | <u>12,913,970</u> |
| MEMBERS' EQUITY | 15,144,117 | 15,207,244 | 15,257,700 |
| Total liabilities and net position | <u>\$ 28,304,353</u> | <u>\$ 28,375,617</u> | <u>\$ 28,512,542</u> |

683 NORTHLAND MASTER TENANT, LLC
Income Statement

Year-to-Date For the Period Ended:

| | <u>February 2024</u> | <u>January 2024</u> | <u>December 2023</u> |
|---------------------------------------|--------------------------|-------------------------|--------------------------|
| Revenues: | | | |
| Lease revenue | \$ 246,222 | \$ 123,111 | \$ 1,445,436 |
| Additional lease revenue | 127,628 | 63,814 | 752,072 |
| Interest and other revenue | 1,357 | 680 | 7,033 |
| Total revenues | <u>375,207</u> | <u>187,605</u> | <u>2,204,541</u> |
| Expenses: | | | |
| Lease expense | 316,074 | 158,037 | 1,913,148 |
| Payroll | 26,421 | 14,267 | 155,609 |
| Utilities expense | 15,310 | 22,831 | 28,115 |
| Insurance expense | 22,315 | 11,157 | 127,632 |
| Professional fees | 24,243 | 3,802 | 81,054 |
| Property management fee | 11,980 | 5,955 | 69,719 |
| Real estate taxes | 4,583 | 4,583 | 25,914 |
| Repairs and maintenance | 57,864 | 17,430 | 263,437 |
| Asset management fee | 10,000 | - | 10,000 |
| Miscellaneous expense | 0 | 0 | 347 |
| Depreciation expense | - | - | 6,448 |
| Total expenses | <u>488,790</u> | <u>238,061</u> | <u>2,681,424</u> |
| Net loss | (113,583) | (50,456) | (476,883) |
| Members' equity - beginning of period | <u>15,257,700</u> | <u>15,257,700</u> | <u>15,992,487</u> |
| Change in members' equity | (113,583) | (50,456) | (476,883) |
| Members' capital contributions | - | - | - |
| Distributions | - | - | (257,904) |
| Members' equity - end of period | <u>\$ 15,144,117</u> | <u>\$ 15,207,244</u> | <u>\$ 15,257,700</u> |

683 NORTHLAND MASTER TENANT, LLC
Statement of Cash Flows

Year-to-Date For the Period Ended:

| | <u>February 2024</u> | <u>January 2024</u> | <u>December 2023</u> |
|---|--------------------------|-------------------------|--------------------------|
| Cash flows from operating activities: | | | |
| Net loss | \$ (113,583) | \$ (50,456) | \$ (476,883) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | | |
| Depreciation | - | - | 6,448 |
| Decrease (increase) in assets: | | | |
| Tenant receivables | (17,341) | (46,172) | 15,694 |
| Prepaid insurance | 18,188 | 8,735 | (1,387) |
| Accrued rental income | (6,822) | (4,116) | (52,202) |
| Prepaid leasing commission | 4,937 | 2,468 | (2,320) |
| Right of use asset - Master Lease Agreement | 228,066 | 114,033 | 1,420,725 |
| Increase (decrease) in liabilities: | | | |
| Security deposit liability | - | - | (5,000) |
| Accounts payable | 60,504 | (8,941) | (44,958) |
| Deferred operating lease liability - sublessee | (92,179) | (46,090) | (592,742) |
| Net cash provided (used) by operating activities | <u>81,771</u> | <u>(30,537)</u> | <u>267,373</u> |
| Cash flows from investing activities: | | | |
| Equipment purchases | - | - | (9,741) |
| Net cash used by investing activities | <u>-</u> | <u>-</u> | <u>(9,741)</u> |
| Cash flows from financing activities: | | | |
| Members' contributions | - | - | - |
| Distributions | - | - | (238,207) |
| Payments of prepaid rent under Master Lease Agreement | - | - | - |
| Net cash provided by financing activities | <u>-</u> | <u>-</u> | <u>(238,207)</u> |
| Net increase (decrease) in cash | 81,771 | (30,537) | 19,425 |
| Cash and restricted cash - beginning of period | <u>947,484</u> | <u>947,484</u> | <u>928,059</u> |
| Cash and restricted cash - end of period | <u>\$ 1,029,255</u> | <u>\$ 916,947</u> | <u>\$ 947,484</u> |

683 NORTHLAND MASTER TENANT, LLC
Budget to Actual Comparison

| | <u>YTD February 2024</u> | <u>YTD Budget 2024</u> | <u>Variance</u> |
|----------------------------|----------------------------------|--------------------------------|-----------------|
| Revenues: | | | |
| Lease revenue | \$ 246,222 | \$ 245,333 | \$ 889 |
| Additional lease revenue | 127,628 | 130,000 | (2,372) |
| Interest and other revenue | 1,357 | 42 | 1,315 |
| Total revenues | <u>375,207</u> | <u>375,375</u> | <u>(168)</u> |
| Expenses: | | | |
| Lease expense | 316,074 | 316,074 | - |
| Payroll | 26,421 | 28,960 | (2,539) |
| Utilities | 15,310 | 8,333 | 6,977 |
| Insurance | 22,315 | 23,000 | (685) |
| Professional fees | 24,243 | 12,500 | 11,743 |
| Property management fee | 11,980 | 12,333 | (354) |
| Real estate taxes | 4,583 | 5,500 | (917) |
| Repairs and maintenance | 57,864 | 49,272 | 8,592 |
| Asset management fee | 10,000 | 10,000 | - |
| Miscellaneous | 0 | 531 | (531) |
| Depreciation | - | - | - |
| Total expenses | <u>488,790</u> | <u>466,504</u> | <u>22,286</u> |
| Net income (loss) | \$ (113,583) | \$ (91,129) | \$ (22,454) |

Budget variances:

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

Buffalo Urban Development Corporation
Consolidated Financial Statements
February 29, 2024
(Unaudited)

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

| | <u>February 2024</u> | <u>January 2024</u> | <u>December 2023</u> |
|---|--------------------------|-------------------------|--------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash | \$ 18,329,129 | \$ 16,524,731 | \$ 16,542,113 |
| Restricted cash | 334,942 | 462,115 | 460,544 |
| Grants receivable | 86,403,077 | 89,019,565 | 89,350,024 |
| Other current assets | 5,723,209 | 5,761,849 | 5,749,149 |
| Total current assets | <u>110,790,357</u> | <u>111,768,260</u> | <u>112,101,830</u> |
| Noncurrent assets: | | | |
| Loans receivable | 9,666,400 | 9,666,401 | 9,666,400 |
| Equity investment | 154,859 | 154,859 | 154,859 |
| Capital assets, net | 100,361,984 | 100,661,984 | 100,961,985 |
| Right to use asset | 7,470,200 | 7,470,200 | 7,470,200 |
| Land and improvement held for sale, net | 788,212 | 788,212 | 788,212 |
| Total noncurrent assets | <u>118,441,655</u> | <u>118,741,656</u> | <u>119,041,656</u> |
| Total assets | <u>\$ 229,232,012</u> | <u>\$ 230,509,916</u> | <u>\$ 231,143,486</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued expenses | \$ 2,876,852 | \$ 423,016 | \$ 528,067 |
| Lines of credit | 490,000 | 540,000 | 570,000 |
| Loans payable, current | 100,188 | 469,938 | 469,938 |
| Unearned grant revenue | 101,394,599 | 104,298,391 | 104,383,474 |
| Total current liabilities | <u>104,861,639</u> | <u>105,731,345</u> | <u>105,951,479</u> |
| Deferred lease liability | 26,517,330 | 26,629,972 | 26,742,613 |
| Loans payable, noncurrent | 13,629,812 | 13,629,812 | 13,629,812 |
| Total noncurrent liabilities | <u>40,147,142</u> | <u>40,259,784</u> | <u>40,372,425</u> |
| NET POSITION | | | |
| Net investment in capital assets | 87,420,195 | 87,350,445 | 87,650,447 |
| Restricted | 107,838 | 234,427 | 233,780 |
| Unrestricted | (3,304,803) | (3,066,084) | (3,064,645) |
| Total net position | <u>84,223,230</u> | <u>84,518,788</u> | <u>84,819,582</u> |
| Total liabilities and net position | <u>\$ 229,232,012</u> | <u>\$ 230,509,916</u> | <u>\$ 231,143,486</u> |

Balance Sheet Notes:

- Cash increased mainly due to receipt of grant funds during the month.
- Restricted cash decreased due to reimbursement of monies from Brownfield Fund during the month.
- Grants receivable decreased due to receipt of grant funds.
- Capital assets decrease is due to monthly depreciation expense.
- Accounts payable/accrued expenses increased due to consultant invoices for various projects.
- Lines of credit: balances are BUDC: \$0 ; 683 Northland: \$490,000. 683 Northland took no advances during the month and BUDC's line is currently paid down.
- Current portion of loans payable decreased due to payment of M&T loan as it matured in March 2024
- Unearned grant revenue decreased due to grant revenue recognized .

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

| | <u>February 2024</u> | <u>January 2024</u> | <u>December 2023</u> |
|---|--------------------------|-------------------------|--------------------------|
| Operating revenues: | | | |
| Grant revenue | \$ 3,388,875 | \$ 185,084 | \$ 31,596,676 |
| Brownfield funds | - | - | 35,823 |
| Loan interest and commitment fees | 16,111 | 8,055 | 96,664 |
| Rental and other revenue | <u>328,517</u> | <u>164,258</u> | <u>2,951,472</u> |
| Total operating revenues | <u>3,733,503</u> | <u>357,397</u> | <u>34,680,635</u> |
| Operating expenses: | | | |
| Development costs | 3,585,407 | 286,498 | 30,900,700 |
| Adjustment to net realizable value | 10,850 | 1,150 | 74,961 |
| Salaries and benefits | 87,655 | 45,656 | 440,561 |
| General and administrative | 40,586 | 21,929 | 1,742,514 |
| Management fee | 19,000 | 9,500 | 142,262 |
| Depreciation | <u>600,000</u> | <u>300,000</u> | <u>4,138,093</u> |
| Total operating expenses | <u>4,343,498</u> | <u>664,733</u> | <u>37,439,091</u> |
| Operating income (loss) | (609,995) | (307,336) | (2,758,456) |
| Non-operating revenues (expenses): | | | |
| Loss on disposal | - | - | 8,329 |
| Interest expense | (11,998) | (6,360) | (197,771) |
| Interest income | <u>25,642</u> | <u>12,901</u> | <u>126,417</u> |
| Total non-operating revenues (expenses) | <u>13,643</u> | <u>6,541</u> | <u>(63,024)</u> |
| Change in net position | (596,352) | (300,795) | (2,821,480) |
| Net position - beginning of period | <u>84,819,582</u> | <u>84,819,582</u> | <u>87,598,751</u> |
| Capital contributions, net of distributions | - | - | 42,311 |
| Net position - end of period | <u>\$ 84,223,230</u> | <u>\$ 84,518,788</u> | <u>\$ 84,819,582</u> |

BUFFALO URBAN DEVELOPMENT CORPORATION
Consolidating Statement of Net Position
February 29, 2024 (Unaudited)

| | Buffalo Urban Development Corporation | 683 WTC, LLC | 683 Northland LLC | Eliminations (1) | Total |
|---|---|---------------|----------------------|------------------|-----------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash | \$ 18,302,560 | \$ 1,675 | \$ 24,894 | \$ - | \$ 18,329,129 |
| Restricted cash | 192,914 | - | 142,028 | - | 334,942 |
| Grants receivable | 86,403,077 | - | - | - | 86,403,077 |
| Other current assets | 8,132,530 | 28,833 | 132,359 | (2,570,512) | 5,723,209 |
| Total current assets | 113,031,081 | 30,508 | 299,281 | (2,570,512) | 110,790,357 |
| Noncurrent assets: | | | | | |
| Loans receivable | 61,853,679 | - | - | (52,187,279) | 9,666,400 |
| Equity investment | - | 67,074,772 | - | (66,919,913) | 154,859 |
| Capital assets, net | 8,687,013 | - | 91,674,970 | - | 100,361,984 |
| Right to use asset | 71,029 | - | 7,399,171 | - | 7,470,200 |
| Land and improvement held for sale, net | 788,212 | - | - | - | 788,212 |
| Total noncurrent assets | 71,399,933 | 67,074,772 | 99,074,141 | (119,107,192) | 118,441,655 |
| Total assets | \$ 184,431,014 | \$ 67,105,280 | \$ 99,373,422 | \$ (121,677,704) | \$ 229,232,012 |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable and accrued expense | \$ 2,873,554 | \$ 2,570,512 | \$ 3,298 | (2,570,512) | (1)\$ 2,876,852 |
| Line of credit | - | - | 490,000 | - | 490,000 |
| Loans payable, current | - | - | 100,188 | - | 100,188 |
| Unearned grant revenue | 101,394,599 | - | - | - | 101,394,599 |
| Total liabilities | 104,268,153 | 2,570,512 | 593,486 | (2,570,512) | 104,861,639 |
| Noncurrent liabilities: | | | | | |
| Deferred lease liability | 71,029 | - | 26,446,301 | - | 26,517,330 |
| Loans payable, noncurrent | - | 52,187,279 | 13,629,812 | (52,187,279) | 13,629,812 |
| Total noncurrent liabilities | 71,029 | 52,187,279 | 40,076,113 | (52,187,279) | 40,147,142 |
| NET POSITION | | | | | |
| Net investment in capital assets | 9,475,225 | - | 77,944,970 | - | 87,420,195 |
| Restricted | 107,838 | - | - | - | 107,838 |
| Unrestricted | 70,508,769 | 12,347,489 | (19,241,148) | (66,919,913) | (3,304,803) |
| Total net position | 80,091,832 | 12,347,489 | 58,703,823 | (66,919,913) | 84,223,230 |
| Total liabilities and net position | \$ 184,431,014 | \$ 67,105,280 | \$ 99,373,422 | \$ (121,677,704) | \$ 229,232,012 |

(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: February 29, 2024 (Unaudited)

| | Buffalo Urban Development Corporation | 683 WTC, LLC | 683 Northland LLC | Eliminations (1) | Total |
|---|---|----------------------|----------------------|------------------------|----------------------|
| Operating revenues: | | | | | |
| Grant revenue | \$ 3,388,875 | \$ - | \$ - | \$ - | \$ 3,388,875 |
| Brownfield funds | - | - | - | - | - |
| Loan interest and commitment fees | 16,111 | - | - | - | 16,111 |
| Rental and other revenue | 15,227 | - | 313,290 | - | 328,517 |
| Total operating revenue | <u>3,420,212</u> | <u>-</u> | <u>313,290</u> | <u>-</u> | <u>3,733,503</u> |
| Operating expenses: | | | | | |
| Development costs | 3,585,407 | - | - | - | 3,585,407 |
| Adjustment to net realizable value | 10,850 | - | - | - | 10,850 |
| Salaries and benefits | 87,655 | - | - | - | 87,655 |
| General and administrative | 40,414 | - | 172 | - | 40,586 |
| Management fee | 19,000 | - | - | - | 19,000 |
| Depreciation | - | - | 600,000 | - | 600,000 |
| Total operating expenses | <u>3,743,326</u> | <u>-</u> | <u>600,172</u> | <u>-</u> | <u>4,343,498</u> |
| Operating income | (323,114) | - | (286,882) | - | (609,995) |
| Non-operating revenues (expenses): | | | | | |
| Interest expense | (4,849) | - | (7,150) | - | (11,998) |
| Interest income | 25,585 | 0 | 56 | - | 25,642 |
| Other income/expenses | - | - | - | - | - |
| Total non-operating revenues (expenses) | <u>20,736</u> | <u>0</u> | <u>(7,093)</u> | <u>-</u> | <u>13,643</u> |
| Change in net position | (302,377) | 0 | (293,975) | - | (596,352) |
| Net position - beginning of year | 80,394,209 | 12,347,489 | 58,997,797 | (66,919,913) (1) | 84,819,582 |
| Capital contributions, net of distributions | - | - | - | - | - |
| Net position - end of period | <u>\$ 80,091,832</u> | <u>\$ 12,347,489</u> | <u>\$ 58,703,823</u> | <u>\$ (66,919,913)</u> | <u>\$ 84,223,230</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: February 29, 2024 (Unaudited)

| | <u>YTD February 2024</u> | <u>YTD Budget 2024</u> | <u>Variance</u> |
|---|----------------------------------|--------------------------------|-----------------------|
| Operating revenues: | | | |
| Grant revenue | \$ 3,388,875 | \$ 3,325,333 | \$ 63,542 |
| Brownfield funds | - | 7,667 | (7,667) |
| Loan interest and commitment fees | 16,111 | 16,111 | (0) |
| Rental and other revenue | 328,517 | 349,726 | (21,209) |
| Proceeds from land sales, net | - | (11,750) | 11,750 |
| Total operating revenues | <u>3,733,503</u> | <u>3,687,087</u> | <u>46,416</u> |
| Operating expenses: | | | |
| Development costs | 3,585,407 | 2,099,063 | 1,486,344 |
| Adjustment to net realizable value | 10,850 | - | 10,850 |
| Salaries and benefits | 87,655 | 84,894 | 2,762 |
| General and administrative | 40,586 | 223,911 | (183,325) |
| Management fee | 19,000 | 19,000 | - |
| Depreciation | 600,000 | 680,167 | (80,167) |
| Total operating expenses | <u>4,343,498</u> | <u>3,107,034</u> | <u>1,236,464</u> |
| Operating income (loss) | (609,995) | 580,054 | (1,190,049) |
| Non-operating revenues (expenses): | | | |
| Interest expense | (11,998) | (35,246) | 23,247 |
| Interest income | 25,642 | 4,167 | 21,475 |
| Other income/expenses | - | - | - |
| Total non-operating revenues (expenses) | <u>13,643</u> | <u>(31,079)</u> | <u>44,722</u> |
| Change in net position | \$ (596,352) | \$ 548,975 | \$ (1,145,326) |

Budget variances:

- 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. Difference due mainly to timing of projects.

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Item 3.3

MEMORANDUM

TO: Buffalo Urban Development Corporation Board of Directors
FROM: Thomas Kucharski, Governance Committee Chair
SUBJECT: Governance Committee Report
DATE: March 26, 2024

At its March 19, 2023 meeting, the Governance Committee reviewed and accepted the following items:

2023 Mission Statement & Performance Measurements w/ Results
Board of Directors 2023 Self-Evaluation Process
Governance Committee 2023 Self-Evaluation Process
Governance Committee Charter
PAAA Training Opportunities
2023 Summary of Employee Benefits
New Board Member Orientation Process

The Governance Committee also recommended that the following items be advanced to the Board for approval:

2024 Mission Statement and Performance Measurements (Item 3.3.2 to follow)
Public Authorities 2023 Annual Report (Item 3.3.3 to follow)
Procurement Policy (Item 3.3.4 to follow)
Property Acquisition Guidelines (Item 3.3.5 to follow)
Property Disposition Guidelines (Item 3.3.6 to follow)
Grant Administration Policy (Item 3.3.7 to follow)
Code of Ethics (Item 3.3.8 to follow)
Whistleblower Policy (Item 3.3.9 to follow)
Travel, Conferences, Meals & Entertainment Policy (Item 3.3.10 to follow)

ACTION: The Board of Directors is requested to approve the following: (i) 2024 Mission Statement and Performance Measurements; (ii) 2023 Public Authorities Report (iii) Procurement Policy; (iv) Property Acquisition Guidelines; (v) Property Disposition Guidelines; (vi) Grant Administration Policy; (vii) Code of Ethics; (viii) Whistleblower Policy and (ix) Travel, Conferences, Meals & Entertainment Policy.

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

Buffalo Urban Development Corporation (BUDC)

2023 Mission Statement and Performance Measurements (w/ Results)

BUDC Mission Statement:

The mission of Buffalo Urban Development Corporation (BUDC) is to support the urban economic development efforts of the region through acquisition, remediation and management of distressed properties, and to engage in related real estate development activities for the purpose of attracting and/or retaining new and existing businesses to the City as part of the region. The mission of BUDC also includes supporting the revitalization of downtown Buffalo by serving as the lead management entity for Buffalo Building Reuse Project (BBRP) and Race for Place initiatives, working in collaboration with the City of Buffalo; including the coordination of financial assistance for downtown adaptive re-use projects and public right-of-way improvements. BUDC also serves as the lead management entity for the Ralph C. Wilson, Jr. Centennial Park transformation.

BUDC Performance Measurements:

Goal: To reclaim abandoned and distressed land and buildings for future development.

Objective A: Continue to establish the Northland Beltline (“Northland”) as the prime urban area for reclamation, by implementing the redevelopment strategy and continuing to engage in appropriate planning processes and leasing for future development.

Measurement: Secure consultant and complete architectural and engineering work for 612 Northland “B” Building; 541 East Delavan Ave.; Clean Energy Microgrid and other relevant infrastructure improvements.

Result: BUDC secured A&E firm for the above-mentioned properties and Clean Energy Microgrid.

Measurement: Assemble any additional properties that become available which are needed to enhance Northland.

Result: BUDC did not purchase additional properties on the Northland Campus but continues to explore strategic sites within the campus.

Measurement: Obtain City of Buffalo Planning Board approval for various phases of Northland redevelopment as they occur.

Result: BUDC successfully obtained City of Buffalo Planning Board approval for 537 E. Delavan.

Measurement: Obtain State Historic Preservation Office (SHPO) approval to maximize the preservation of structures that will contribute to the redevelopment of Northland and the select demolition of structures that are an impediment to the redevelopment.

Result: BUDC obtained SHPO approval for 537 E. Delavan and 612 Northland 'B' Building.

Measurement: Manage all compliance and milestones related to the financing for Northland Central; including Historic Preservation Tax Credits, Brownfield Cleanup Program Tax Credits, New Market Tax Credits, and bridge loan financing.

Result: All compliance milestones were met.

Measurement: Negotiate new lease agreements with tenants for available space at Northland Central and 612 Northland.

Result: BUDC continues to market available space at Northland Central and 612 Northland and is in discussions with potential leads.

Measurement: Continue to implement the Soil Site Management Plan (SMP) for Northland Central, under the NYS Brownfield Cleanup Program.

Result: BUDC continues to implement the SMP for Northland Central.

Measurement: Continue effective M/WBE Utilization and Workforce Participation programs for remaining Northland construction.

Result: No construction was completed this year. BUDC continues to focus on effective M/WBE Utilization and Workforce Participation on future construction projects.

Measurement: Continue to implement the Restore NY V Grant initiatives, including renovations at 541 E. Delavan.

Result: BUDC is implementing the remaining Restore NY V funds for the redevelopment of 537 E. Delavan.

Measurement: Continue the implementation of the Historic Preservation Mitigation measures agreed to with the State Historic Preservation Office, according to the Memorandum of Agreement (MOA).

Result: BUDC successfully updated the MOA to include the Phase 3 work.

Measurement: Continue to work with the NYSDEC regarding Superfund investigation and remediation at the 537 E. Delavan site.

Result: BUDC continues to work with NYSDEC on the interim work plan for upcoming construction.

Measurement: If funding becomes available, begin renovations or other actions necessary to bring other space across Northland to a “ready-to-lease” condition.

Result: BUDC executed the Regional Economic & Community Assistance Program (RECAP) GDA which will fund renovations at 631 Northland, 537 E. Delavan (administration building), 777 Northland, 741 Northland, and other campuswide projects.

Measurement: Continue the Community Outreach Program, with one additional Public Meeting and one additional Stakeholder Advisory Committee Meeting, and additional community outreach through social media.

Result: BUDC working with Mustard Seed Consulting, conducted two (2) Stakeholder Advisory Committee Meeting, participated in National Night Out community programing and Northland Food Truck Thursdays.

Measurement: Continue to implement the green infrastructure plan for 537 E. Delavan, when construction resumes.

Result: BUDC incorporated green infrastructure in its Phase 3 work. BUDC is coordinating with BSA to determine final scope and financial assistance.

Objective B: Secure funds to continue to advance the Northland Beltline projects.

Measurement: Complete application to Empire State Development (ESD) for \$55M for additional funding for projects on the Northland Campus including 631 Northland Avenue; 777 Northland Avenue; 537 E. Delavan Avenue; 741 Northland Avenue and other campus wide improvements.

Result: Completed.

Measurement: Identify additional funding sources (i.e. grants and tax credits) and income opportunities for future phases of Northland Beltline projects.

Result: BUDC successfully leveraged an additional \$1.8 million through the Solar Microgrid Capital project with ESD.

Objective C: Transition Northland management responsibilities to the Director of Construction & Project Management

Measurement: Hire BUDC Director of Construction & Project Management.

Result: BUDC hired a Northland Corridor Project Manager to assist in coordinating development efforts on campus.

Measurement: On a monthly basis, coordinate all Northland property maintenance and repairs with Mancuso Management (Comvest).

Result: BUDC continues to conduct monthly coordination meetings regarding property management related issues and repairs.

Measurement: Continue to engage NYS Department of State on review of Beltline Brownfield Opportunity Area (BOA) Nomination Document.

Result: The Northland Corridor BOA contract is in the process of being reviewed and executed by the Department of State.

Measurement: Coordinate two (2) networking events with Northland area small businesses

Result: BUDC, working with Mustard Seed Consulting, continues to work on identifying and coordinating with partners on small businesses networking opportunities.

Measurement: Complete required annual and bi-annual compliance reports for ECIDA and NTCIC/Tax Credit Investors.

Result: Compliance reports have been completed.

Objective D: Prepare land and buildings for development through remediation, select demolition, infrastructure upgrades/construction, site improvements, and amenity construction.

Measurement: Assemble appropriate properties throughout the City to increase inventory for future brownfield projects.

Result: BUDC has not purchased any additional properties this year but continues to consider strategic sites to acquire.

Measurement: Number of acres remediated to shovel-ready condition.

Result: BUDC has not remediated any new sites this year, but continues to consider new sites

Measurement: Number of building square feet rehabilitated to leasable condition.

Result: BUDC is in the process of completing architectural and engineering work **necessary** to rehabilitate additional properties on Northland's Campus.

Goal: To attract and/or retain new and existing businesses to the City and region.

Objective A: Market BUDC properties as an urban alternative for new construction of light manufacturing, distribution and office facilities.

Measurement: Negotiate and close on a Land Sale Agreement with Krog Corporation for 193 Ship Canal Parkway.

Result: BUDC is currently in negotiations with RAS Companies for 193 Ship Canal Parkway.

Measurement: Negotiate and close on a Land Sale Agreement with Savarino Companies for various Buffalo Lakeside Commerce Park parcels.

Result: BUDC is currently marketing various parcels at Buffalo Lakeside Commerce Park as Savarino Companies has decided not to move forward with the land sale.

New Measurement: A minimum of six (6) “earned” media appearances and five thousand (5,000) website page and social media views.

Result: BUDC has earned over six (6) media appearances and over five thousand (5,000) website and social media views.

Measurement: Maintain infrastructure amenities to enhance the marketability of the BLCP and Northland properties.

Result: BUDC through its property management consultants continues to maintain Buffalo Lakeside Commerce Park and Northland properties.

Objective B: Support the economic development efforts of the City of Buffalo Office of Strategic Planning (OSP) with the task of expanding or relocating businesses of a diverse nature in the City.

Measurement: Number of businesses contacted, as directed by OSP.

Result: BUDC has contacted over fifty (50) businesses.

Objective C: Support the economic development efforts of the City by maintaining procurement practices that encourage the participation of local (50%), minority (25%), and women-owned (5%) businesses.

Measurement: All informal bids, formal bids, request for proposals, and requests for qualifications will include the City’s participation goals listed above.

Result: All informal bids, formal bids, Requests for Proposals and Qualifications have been complete including the City's MWBE participation goals.

Goal: To support the revitalization of Downtown Buffalo.

Objective A: Serve as lead management entity for BBRP/Race for Place initiatives.

Measurement: A minimum of twenty (25) companies contacted.

Result: BUDC has contacted over twenty-five (25) companies.

Objective B: Coordinate financial assistance for adaptive re-use projects and/or new construction projects.

Measurement: A minimum of two (2) projects assisted.

Result: BUDC continues to assist on coordination of financial tools for projects.

New Measurement: Explore new incentive options for adaptive re-use and/or new construction projects that encourage mixed income residential development, minority developer participation, M/WBE entrepreneurship and ground floor activation.

Result: BUDC is in the process of exploring incentive opportunities.

Objective D: Assist coordination of public right-of-way and public space improvements.

Measurement: Promote and coordinate added creativity and innovation within the public realm.

Result: BUDC continues to coordinate creative public realm projects such as the Ellicott Street Library Underpass Lighting Project.

Measurement: Further the recommendations included in the Future of Mobility Report.

Result: BUDC continues to further recommendations through the Future of Mobility Report, in coordination with OSP and DPW.

Measurement: Coordinate a series of Innovative Focus Group sessions to gain community input on upcoming smart city technologies and related infrastructure improvements.

Result: BUDC continues to coordinate focus group and meetings regarding improvements to the public realm.

Measurement: Further the recommendations from Race for Place for continued outreach through community focus groups.

Result: BUDC continues to coordinate outreach meetings regarding improvements to downtown's public realm.

Measurement: A minimum of five (5) city blocks and one (1) public space improved.

Result: Over five (5) blocks and two (2) public spaces improved.

Measurement: Complete Waterfront/Inner Harbor public realm strategy and continue waterfront stakeholder coordination efforts.

Result: The Downtown Waterfront Improvement Plan is set to be completed by April 2024.

Measurement: Further the recommendations outlined Ellicott Street Placemaking Strategy.

Result: Completed Ellicott Street Library Underpass Lighting Project per the Ellicott Street Placemaking Plan.

Measurement: Facilitate a strategy to improve downtown infrastructure maintenance and sustainability with the six partners.

Result: BUDC continues discussions with the City of Buffalo and other partners infrastructure and sustainability.

Measurement: Coordinate with the six partners to develop strategy for a capital campaign to solicit private funding for public realm improvements.

Result: BUDC continues discussions with the City of Buffalo and other partners around public and private funding opportunities for improvements.

New Measurement: Coordinate with City of Buffalo and Empire State Development to further schematic design of Erie Street connection from I-190 to the Erie Basin Marina.

Result: BUDC has developed an Erie Street concept plan through the Downtown Waterfront Improvement Plan and continues to coordinate with City of Buffalo and Empire State Development on Erie Street improvements.

Objective E: Coordinate additional phases of Queen City Pop Up (QCPU).

New Measurement: Explore outdoor QCPU Concepts and new post pandemic recovery initiatives for downtown area restaurants and retailers.

Result: BUDC has coordinated several initiatives for small businesses through the QCPU program. BUDC is working to coordinate Queen City Pop Up outdoor concepts for 2024 season.

Objective F: Continue coordination of the publication, marketing, and online promotion of Buffalo's Race for Place Plan.

Result: BUDC continued to promote Race for Place through print and digital media.

Measurement: Complete digital expansion for raceforplacebuffalo.com.

Result: BUDC has successfully launched its new website that incorporates Race for Place.

Objective G: Build awareness of Downtown programs, tools, and incentives.

Measurement: At least two (2) earned appearances on regional and/or national platforms.

Result: BUDC has made four (4) appearances on regional and/ or national platforms.

Measurement: At least two (2) presentations to business associations, professional organizations, and community groups.

Result: BUDC has made four (4) presentations to business groups and stakeholders.

Objective H: Promote the construction of additional units of downtown housing.

Measurement: The announcement of two hundred fifty (250) units to be constructed, with at least 20% affordable units.

Result: Over 250 units announced with over 20% affordable units.

Objective I: Coordinate the resolution or redevelopment of targeted problem properties within the BBRP boundaries.

Measurement: A minimum of three (3) problem properties addressed.

Result: BUDC continues to coordinate with the City of Buffalo and other partners vacant and problem properties in downtown Buffalo.

Goal: To transform LaSalle Park into Ralph C. Wilson Centennial Park, and a world class waterfront park and recreational amenity that will serve both neighborhood residents, regional citizens and visitors.

Objective A: Assist the City of Buffalo and other partners with the management of the design and due diligence phases of the project.

Measurement: Manage the design team and the design process to ensure that the project proceeds on schedule and within budget.

Result: Design process has been completed. As the project manager, BUDC ensuring the project adheres to both budget and schedule, BUDC has contracted with Michael Van Valkenburgh and Associates, who developed the construction design documents for Ralph Wilson Park, to provide Value Engineering and Construction Administration support to Gilbane Company through construction.

Measurement: Negotiate and execute contracts for any additional required due diligence investigations, NEPA and other regulatory approvals.

Result: BUDC has executed two additional contracts pertaining to environmental services. BUDC holds a contract with Stohl Environmental for on-site asbestos analysis and pre-demolition inspection of two comfort stations. Additionally, BUDC has a contract with Atlantic Testing Laboratories to conduct soil and water testing as needed at the project site.

Objective B: Assist the City of Buffalo and other partners with the overall management of the project.

Measurement: Manage the contract and deliverables for the project management team contracted to provide assistance.

Result: BUDC continues to actively manage the project management contract and all related deliverables associated with Ralph Wilson Park.

New Measurement: Work with the City of Buffalo and project management team to execute a Construction Management Contract.

Result: The City of Buffalo contracted with Gilbane Company as the Construction Manager in early 2023.

Objective C: Assist the City of Buffalo and other partners with identifying, securing and managing funding for the implementation of the project.

Measurement: Work with the Ralph C. Wilson Foundation to apply for and manage grants that they have committed for the design and implementation of the project.

Result: BUDC has successfully secured \$17.5 million from the Wilson Foundation to further support the project. Additionally, BUDC has continued to manage all previously awarded funds allocated for design, construction, and capacity.

Measurement: Work with other partners, including Buffalo Niagara Waterkeeper and the Ralph C. Wilson Foundation, to identify additional funding sources to implement and construct the project.

Result: BUDC continues to work with Buffalo Niagara Waterkeeper, City of Buffalo, and the Ralph C. Wilson Jr. Foundation to identify funding opportunities for the implementation and construction of the project.

Measurement: Prepare, submit, execute and manage funding applications and agreements that are secured for the project.

Result: BUDC has prepared several funding applications for the project and has successfully secured additional funding from sources such as the Great Lakes Commission, thereby leveraging resources for the initiative.

Objective D: Assist the City of Buffalo and other partners with ensuring effective and sustainable long-term maintenance and operations of the park.

Measurement: Continue to work with the City of Buffalo, Gilbane Companies and the Ralph Wilson Park Conservancy as needed, on park sustainability and equitable access to the surrounding community during the construction phase of the project.

Result: BUDC worked with the City of Buffalo and design and project management teams on sustainable design elements and equitable access to the surrounding community. BUDC also assisted in the formation of the Ralph Wilson Park Conservancy, which will oversee long term operations and maintenance of the Park.

Goal: To effectively manage property, development projects and initiatives.

Objective A: Engage in all aspects of productive property management including marketing, leasing, maintenance, etc.

Measurement: Keep property related costs within budget.

Result: Property related costs were within budget.

Objective B: Support development projects by working with regional utility companies to include their grant programs in local initiatives. Package other economic development incentives to enhance the marketability of properties.

Measurement: A minimum of two (2) projects referred.

Result: More than two (2) projects referred including BUDC's projects at 537 E. Delevan 612 Northland "B" Building and 631 Northland.

Additional Questions:

- 1. Have the board members acknowledged that they have read and understood the mission of BUDC?**

The Board will review and discuss the BUDC's mission statement at the March 26, 2024 Board meeting.

- 2. Who has the power to appoint the management of BUDC?**

The Board of Directors appoints the management of BUDC to the positions of President, Executive Vice-President, Vice-President, Treasurer, Assistant Treasurer and Secretary.

- 3. If the Board appoints management, do you have a policy you follow when appointing the management of BUDC?**

The Board follows the BUDC By-Laws when appointing management.

- 4. Briefly describe the role of the Board and the role of management in the implementation of the mission.**

Management works closely with the Chair, Vice-Chair and Committee Chairs in formulating an on-going work plan for management to carry out the strategic goals related to the mission of the organization. Board members review and approve individual projects, initiatives and transactions to ensure that they are consistent with BUDC's mission. Board members also review and approve the annual budget to ensure resources are allocated appropriately to meet the BUDC's mission.

- 5. Has the Board acknowledged that they have read and understood the responses to each of these questions?**

These questions and responses will be discussed by the Board at the March 26, 2024 Board meeting.

Buffalo Urban Development Corporation (BUDC)

2024 Mission Statement and Performance Measurements

Draft Pending Review

BUDC Mission Statement:

The mission of Buffalo Urban Development Corporation (BUDC) is to support the urban economic development efforts of the region through acquisition, remediation and management of distressed properties, and to engage in related real estate development activities for the purpose of attracting and/or retaining new and existing businesses to the City as part of the region. The mission of BUDC also includes supporting the revitalization of downtown Buffalo by serving as the lead management entity for Buffalo Building Reuse Project (BBRP) and Race for Place initiatives, working in collaboration with the City of Buffalo; including the coordination of financial assistance for downtown adaptive re-use projects and public right-of-way improvements. BUDC also serves as the lead management entity for the Ralph C. Wilson, Jr. Centennial Park transformation.

BUDC Performance Measurements:

Goal: To reclaim abandoned and distressed land and buildings for future development.

Objective A: Continue to establish the Northland Beltline (“Northland”) as the prime urban area for reclamation, by implementing the redevelopment strategy and continuing to engage in appropriate planning processes and leasing for future development.

Measurement: Complete architectural and engineering work for 612 Northland “B” Building; 541 East Delavan Ave.; Clean Energy Microgrid and other relevant infrastructure improvements.

New Measurement: Issue RFP and begin construction to further Phase 3 Development.

New Measurement: Complete architectural & engineering work for 631 Northland Ave.

Measurement: Assemble any additional properties that become available which are needed to enhance Northland.

Measurement: Obtain City of Buffalo Planning Board approval for various phases of Northland redevelopment as they occur.

Measurement: Obtain State Historic Preservation Office (SHPO) approval to maximize the preservation of structures that will contribute to the redevelopment of Northland and the select demolition of structures that are an impediment to the redevelopment.

Measurement: Manage all compliance and milestones related to the financing for Northland Central; including Historic Preservation Tax Credits, Brownfield Cleanup Program Tax Credits, New Market Tax Credits, and bridge loan financing.

Measurement: Negotiate new lease agreements with tenants for available space at Northland Central and 612 Northland.

Measurement: Continue to implement the Soil (Site) Management Plan (SMP) for Northland Central, under the NYS Brownfield Cleanup Program.

Measurement: Continue effective M/WBE Utilization and Workforce Participation programs for remaining Northland construction with goals of 25% MBE/5%WBE participation.

Measurement: Begin to implement the Restore NY V Grant initiatives at 777 Northland.

Measurement: Continue the implementation of the Historic Preservation Mitigation measures agreed to with the State Historic Preservation Office, according to the Memorandum of Agreement (MOA).

Measurement: Continue to work with the NYSDEC regarding Superfund investigation and remediation at the 537 E. Delavan site.

Measurement: If funding becomes available, begin renovations or other actions necessary to bring other space across Northland to a “ready-to-lease” condition.

Measurement: Continue the Community Outreach Program, with one additional Public Meeting and one additional Stakeholder Advisory Committee Meeting, and additional community outreach through social media.

Measurement: Continue to implement the green infrastructure plan for 537 E. Delavan, when construction resumes.

Objective B: Secure funds to continue to advance the Northland Beltline projects.

Measurement: Identify additional funding sources (i.e. grants and tax credits) and income opportunities for future phases of Northland Beltline projects.

Measurement: On a monthly basis, coordinate all Northland property maintenance and repairs with Comvest.

Measurement: Execute contract with NYS Department of State on review of Beltline Brownfield Opportunity Area (BOA) Nomination Document.

Measurement: Coordinate and/or participate in two (2) networking/programming events in the Northland Beltline area.

Measurement: Complete required annual and bi-annual compliance reports for ECIDA and NTCIC/Tax Credit Investors.

Objective D: Prepare land and buildings for development through remediation, select demolition, infrastructure upgrades/construction, site improvements, and amenity construction.

Measurement: Assemble appropriate properties throughout the City to increase inventory for future brownfield projects.

Measurement: Number of acres remediated to shovel-ready condition.

Measurement: Number of building square feet rehabilitated to leasable condition.

Goal: To attract and/or retain new and existing businesses to the City and region.

Objective A: Market BUDC properties as an urban alternative for new construction of light manufacturing, distribution and office facilities.

Measurement: Negotiate and close on a Land Sale Agreement with RAS Development for 193 Ship Canal Parkway.

Measurement: Execute an Exclusivity Agreement with a qualified developer for various Buffalo Lakeside Commerce Park parcels.

New Measurement: A minimum of six (6) “earned” media appearances and five thousand (5,000) website page and social media views.

Measurement: Maintain infrastructure amenities to enhance the marketability of the BLCP and Northland properties.

Objective B: Support the economic development efforts of the City of Buffalo Office of Strategic Planning (OSP) with the task of expanding or relocating businesses of a diverse nature in the City.

Measurement: Number of businesses contacted, as directed by OSP.

Objective C: Support the economic development efforts of the City by maintaining procurement practices that encourage the participation of local (50%), minority (25%), and women-owned (5%) businesses.

Measurement: All informal bids, formal bids, request for proposals, and requests for qualifications will include the City’s participation goals listed above.

Goal: To support the revitalization of Downtown Buffalo.

Objective A: Serve as lead management entity for BBRP/Race for Place initiatives.

Measurement: A minimum of twenty (25) companies contacted.

Objective B: Coordinate financial assistance for adaptive re-use projects and/or new construction projects.

Measurement: A minimum of two (2) projects assisted.

Measurement: Explore new incentive options for adaptive re-use and/or new construction projects that encourage mixed income residential development, minority developer participation, M/WBE entrepreneurship and ground floor activation.

Objective D: Assist coordination of public right-of-way and public space improvements.

New Measurement: Issue RFP for Project Management Firm to assist with implementation of Downtown and Waterfront Infrastructure Improvements.

Measurement: Promote and coordinate added creativity and innovation within the public realm.

Measurement: Further the recommendations included in the Downtown Waterfront Improvement Plan.

Measurement: Further the recommendations from Race for Place for continued outreach through community focus groups.

New Measurement: Establish an infrastructure improvement project status page on the BUDC – Race for Place website.

New Measurement: Coordinate at least two (2) placemaking enhancement projects.

Measurement: A minimum of five (5) city blocks and two (2) public spaces improved.

Measurement: Further the recommendations outlined Ellicott Street Placemaking Strategy.

Measurement: Facilitate a strategy to improve downtown infrastructure maintenance and sustainability.

Measurement: Coordinate with the six partners to develop strategy for a capital campaign to solicit private funding for public realm improvements.

Measurement: Coordinate with City of Buffalo and Empire State Development to further schematic design and construction of Erie Street connection from I-190 to the Erie Basin Marina.

Objective E: Coordinate additional phases of Queen City Pop Up (QCPU).

Measurement: Explore outdoor QCPU Concepts and new post pandemic recovery initiatives for downtown area restaurants and retailers.

Objective F: Continue coordination of the publication, marketing, and online promotion of Buffalo's Race for Place Plan.

Objective G: Build awareness of Downtown programs, tools, and incentives.

Measurement: At least two (2) earned appearances on regional and/or national platforms.

Measurement: At least two (2) presentations to business associations, professional organizations, and community groups.

Objective H: Promote the construction of additional units of downtown housing.

Measurement: The announcement of two hundred fifty (250) units to be constructed, with at least 20% affordable units.

Objective I: Coordinate the resolution or redevelopment of targeted problem properties within the BBRP boundaries.

Measurement: A minimum of three (3) problem properties addressed.

Goal: To transform LaSalle Park into Ralph C. Wilson Centennial Park, and a world class waterfront park and recreational amenity that will serve both neighborhood residents, regional citizens and visitors.

Objective A: Assist the City of Buffalo and other partners with the management of the design and due diligence phases of the project.

Measurement: Manage the design team and the design process to ensure that the project proceeds on schedule and within budget.

Measurement: Negotiate and execute contracts for any additional required due diligence investigations, NEPA and other regulatory approvals.

Objective B: Assist the City of Buffalo and other partners with the overall management of the project.

Measurement: Manage the contract and deliverables for the project management team.

Objective C: Assist the City of Buffalo and other partners with identifying, securing and managing funding for the implementation of the project.

Measurement: Work with the Ralph C. Wilson Foundation to apply for and manage grants that have been committed for the design and implementation of the project.

Measurement: Work with other partners, including City of Buffalo, Buffalo Niagara Waterkeeper and the Ralph C. Wilson Foundation, to identify additional funding sources to implement and construct the project.

Measurement: Prepare, submit, execute and manage funding applications and agreements that are secured for the project.

Objective D: Assist the City of Buffalo and other partners with ensuring effective and sustainable long-term maintenance and operations of the park.

Measurement: Continue to work with the City of Buffalo, Gilbane Companies and the Ralph Wilson Park Conservancy as needed, on park sustainability and equitable access to the surrounding community during the construction phase of the project.

Goal: To effectively manage property, development projects and initiatives.

Objective A: Engage in all aspects of productive property management including marketing, leasing, maintenance, etc.

Measurement: Keep property related costs within budget.

Objective B: Support development projects by working with regional utility companies to include their grant programs in local initiatives. Package other economic development incentives to enhance the marketability of properties.

Measurement: A minimum of two (2) projects referred.

BUFFALO URBAN DEVELOPMENT CORPORATION

**RIVERBEND LLC
BUFFALO LAKESIDE COMMERCE PARK I LLC
NORDEL I LLC
NORDEL II LLC
683 WTC LLC
683 NORTHLAND LLC
KING CROW LLC
714 NORTHLAND LLC
631 NORTHLAND LLC**

2023 ANNUAL REPORT
(For purposes of Section 2800(2) of the Public Authorities Law)

Purpose of the Annual Report:

As a local development corporation established by the City of Buffalo, the Buffalo Urban Development Corporation (BUDC) is required to comply with New York State's Public Authorities Law. Under this Law, BUDC is required to submit a comprehensive annual report that includes information on:

1. Operations and accomplishments
2. Financial Reports
3. Mission Statement & Performance Measurements
4. Bonds and notes outstanding
5. Compensation (for those earning \$100,000+)
6. Projects undertaken during the year
7. Property Report
8. Code of Ethics
9. An assessment of internal control structure and effectiveness
10. Legislation that forms the statutory basis of the authority
11. Board structure
12. By-Laws
13. Listing of material changes in operations and programs
14. Four-year Financial Plan
15. Board Performance Evaluations
16. Assets/Services brought or sold without competitive bidding
17. Description of material pending litigation

In compliance with the Public Authorities Law, the following required information is presented for the year ended December 31, 2023.

1. Operations & Accomplishments:

A report on the 2023 operations and accomplishments of the BUDC and its affiliates is posted on BUDC's website at:

<https://www.buffalourbandevelopment.com/documents/budc/2023%20Website%20Documents/BUDC%20Operations.pdf>.

2. Financial Reports:

i) Audited Financial Statements:

The audited financial statements for BUDC will be posted on its website at <http://www.buffalourbandevelopment.com/budc-corporate-reports>.

The financial statement certification is included on page 8.

The financial statements are audited on an annual basis by BUDC's independent auditors Freed Maxick CPAs, P.C. In their opinion, the financial statements present fairly, in all material respects, the financial position of BUDC as of December 31, 2023 and the

changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

ii) Grants & Subsidy Programs:

BUDC and its affiliates are recipients of certain Federal, State, Local and private foundation grant programs that are utilized for land development projects. Details of the various grants are outlined in BUDC's audited financial statements.

iii) Operating & Financial Risks:

The following outline some of the operating and financial risks that impact BUDC:

- Liquidity – A significant portion of BUDC's assets consist of land and buildings held for sale or lease which are not readily convertible to cash. Since BUDC relies upon land sales and lease revenues to fund operations, a reduction in the amount of cash derived from land sales and lease revenues could cause BUDC difficulty in funding operations.
- Recovery of Land held for sale – BUDC has capitalized a large proportion of its development costs as "Land and Improvements held for sale". If BUDC has difficulty selling the underlying parcels due to local economic conditions, it may not be able to recover the amount recorded on the financial statements.
- Environmental – Since BUDC and its affiliates may assume title to properties with environmental contamination, it is exposed to the related potential clean-up costs, litigation and other liabilities.
- Regulatory – BUDC is subject to various regulations including those imposed by the NYS Authorities Budget Office. These regulations may increase the cost of compliance or impact the financial position of the Corporation. In 2017, BUDC closed on tax credit financing for the redevelopment of 683 Northland (Northland Central) involving New Markets and Historic Tax Credits. Changes to the regulations governing these and Brownfield Tax Credits could impact the overall funding of the project.
- Funding – As a not-for-profit local development corporation, BUDC has limited sources of operating funds and relies heavily on grant funding for certain projects. BUDC management is always cognizant of the fact that a change in the legislative climate or administration of the State could have a significant effect on future grant opportunities.

BUDC mitigates a portion of the above risks with prudent internal financial management, external financial and legal guidance, and comprehensive insurance coverage.

iv) Current bond ratings:

BUDC does not issue bonds on its own behalf and therefore is not rated by municipal bond rating agencies.

v) Long-term liabilities including leases and employee benefit plans:

BUDC has long-term liabilities related to loans and notes payable as described in Section 4.

3. Mission Statement & Performance Measurements:

BUDC's Mission Statement & Performance Measurements Report for 2023 is included in Attachment 1. This document was reviewed and approved by the Board at the March 28, 2023 Board meeting.

4. Schedule of Bonds and Notes Outstanding:

In 2017, 683 Northland LLC borrowed amounts totaling \$13,730,000 related to the Northland Workforce Training Center project as part of a transaction to syndicate certain tax credits. 683 Northland LLC also entered into two agreements for bridge financing in 2017 totaling \$30,000,000, which were both paid in full as of December 31, 2023. In 2019, BUDC entered into a \$369,750 term note for a property purchase. See Attachment 2 for detail of BUDC's loans and notes payable.

5. Compensation Schedule:

See Attachment 3 for a list of BUDC employees who were paid a salary exceeding \$100,000 during 2023. Attachment 3A is a summary of benefits provided to those staff per the New York State Public Authorities Reporting Information System (PARIS). Biographies for these individuals are posted on BUDC's website at <http://www.buffalourbandevelopment.com/budc-contact-us>. Salaries and benefit information for other BUDC staff are also reported under PARIS.

None of the Directors of the Buffalo Urban Development Corporation or its affiliates receive any compensation for their services as Directors. None of the Officers of the Buffalo Urban Development Corporation or its affiliates receive any compensation for their services as Officers, beyond their compensation as employees.

6. Projects Undertaken by the Corporation during fiscal year 2023:

See above Operations and Accomplishments report posted at <http://www.buffalourbandevelopment.com/budc-corporate-reports> for a listing of various initiatives accomplished in 2023.

7. Listing of certain Property of the Corporation:

Attachment 4 provides information regarding the real property holdings of BUDC and its affiliates.

8. Code of Ethics:

The Corporation's Code of Ethics is posted on BUDC's website at <http://www.buffalourbandevelopment.com/budc-corporate-policies>.

9. Assessment of the Effectiveness of Internal Control Structure and Procedures:

Management's Assessment of the Effectiveness of Internal Controls of BUDC is posted on BUDC's website at <https://www.buffalourbandevelopment.com/budc-corporate-reports>.

BUDC's independent auditors have conducted tests of the effectiveness of BUDC's internal controls over financial reporting and their report is included in the audited financial statements posted on BUDC's website at <https://www.buffalourbandevelopment.com/budc-corporate-reports>.

10. Legislation that forms the Statutory Basis of the Authority:

BUDC is a local development corporation which was formed and empowered to conduct certain projects pursuant to Not-For-Profit Corporation Law § 1411. Distinguished from IDAs (which exist as public benefit corporations), LDCs are established as charitable corporations that are empowered to construct, acquire, rehabilitate and improve for use by others, industrial or manufacturing plants in the territory in which its operations are principally to be conducted ("Benefited Territory") and to make loans. LDCs can provide financial assistance for the construction, acquisition, rehabilitation, improvement, and maintenance of facilities for others in its Benefited Territory. Specific LDC powers include the ability to: (i) disseminate information and furnish advice, technical assistance and liaison services to Federal, State and local authorities; (ii) to acquire by purchase, lease, gift, bequest, devise or otherwise, real or personal property; and (iii) to borrow money and to issue negotiable bonds, notes and other obligations. LDCs are empowered to sell, lease, mortgage or otherwise dispose of or encumber facilities or any real or personal property or any interest therein.

A copy of this specific legislation can be found at the following address:

[http://public.leginfo.state.ny.us/LAWSSEAF.cgi?QUERYTYPE=LAWS+&QUERYDATA=\\$NPC1411\\$\\$@TXNPC01411+&LIST=LAW+&BROWSER=EXPLORER+&TOKEN=35134270+&TARGET=VIEW](http://public.leginfo.state.ny.us/LAWSSEAF.cgi?QUERYTYPE=LAWS+&QUERYDATA=$NPC1411$$@TXNPC01411+&LIST=LAW+&BROWSER=EXPLORER+&TOKEN=35134270+&TARGET=VIEW)

11. Description of the Authority and its Board Structure:

i) Names of Committees and Committee Members:

Buffalo Urban Development Corporation is administered by a Real Estate Committee, Audit & Finance Committee, Governance Committee, Downtown Committee, and Loan Committee. A description of the committees and a listing of committee members is posted on the BUDC website at <http://www.buffalourbandevelopment.com/budc-board-committees>.

ii) List of Board Meetings & Attendance:

A list of the 2023 Board meetings and Board attendance is outlined on Attachment 5.

iii) Description of major authority units, subsidiaries: BUDC's Corporate Chart is included in Attachment 6.

iv) Number of Employees:

BUDC had four full-time employees in 2023. It also utilized employees of the Erie County Industrial Development Agency (ECIDA) to provide financial, administrative, and property management services on a fee basis, through a shared services agreement.

v) Organizational Chart:

BUDC's organizational chart is posted on BUDC's website at:

<http://www.buffalourbandevelopment.com/budc-contact-us>.

12. Bylaws:

The Bylaws for BUDC are posted on its website at

http://www.buffalourbandevelopment.com/documents/budc_corporate_policies/BUDCBY-Laws_Feb_2012.pdf.

13. Listing of Material Changes in Operations and Programs:

BUDC staff continues developing and managing a material change in BUDC operations and programs that began in 2019, as indicated in Section 1 (Operations & Accomplishments) in the section titled Waterfront / Ralph Wilson Park Project. BUDC applied to the Ralph C. Wilson, Jr. Foundation for grant funds to assist the City of Buffalo to become more engaged in downtown waterfront planning and development activities. The Foundation initially awarded BUDC a \$2.8 million dollar grant to enhance both BUDC's and the City's capacity to manage such development activities and to successfully implement the design and construction of Ralph Wilson Park. The project continues to progress through the first phase of construction, as significant work on the shoreline and bridge is underway. In addition to securing and managing additional grant funding from the Ralph C. Wilson Foundation in the amount of \$50 million, BUDC was also successful in leveraging and managing additional funding from the Great Lakes Commission; Division of Homeland Security and Emergency Services (DHSES) and other sources to support the park's transformation. BUDC continues to successfully manage contracts with Gardiner & Theobald for project management and cost estimating services, as well as a contract with Michael Van Valkenburg & Associates for landscape design and construction administration. BUDC continues to provide assistance to the City of Buffalo to secure Gilbane Companies for Construction Management services and consistently collaborates with the Ralph Wilson Conservancy and other project partners.

In 2023, BUDC continued to progress development in the Northland Beltline Corridor. BUDC secured \$55 million in funding from Empire State Development and has continued to leverage the previously awarded \$14.4 million in funding from Economic Development Administration (EDA). This funding supports the development of 631 Northland; 541 E. Delavan Avenue; 612 Northland-B Building; substation upgrades and other improvements within the Northland Beltline Corridor. The Northland Beltline Corridor continues to evolve as an innovation hub focused on workforce training,

advanced manufacturing, energy and automotive training, with a focus on training and employment for East Side residents. The combined project at Northland Central will now exceed \$150 million. In addition to the grant funding from ESD, EDA, NYPA and the City of Buffalo, additional financing has been provided by Citibank and Key Bank, through the use of Historic Preservation Tax Credits and New Market Tax Credits allocated through the National Trust Community Investment Corporation and Building America Community Development Entity. Key Bank and Evans Bank have provided construction bridge financing for development of the Northland Central Building.

BUDC has also continued to advance its downtown development efforts through its Buffalo's Race for Place initiative. BUDC secured a consultant team to complete the upcoming Downtown Waterfront Improvement Plan, which will provide infrastructure and public realm designs to improve connections from the downtown waterfront to the investment at Ralph Wilson Park. In addition, BUDC has worked to develop concepts for improvements to Erie Street that will spur additional development around the waterfront and Marina. BUDC also completed the Ellicott Street Underpass Lighting project, a key recommendation of the Ellicott Street Placemaking Strategy. BUDC has also participated with the City of Buffalo's Office of Strategic Planning in the Smart Streets Design Planning initiative, infrastructure and waterfront coordination efforts and implementation planning. Investments in existing assets/infrastructure will increase development density in the City of Buffalo that encourages walkability and multi-modal transportation, improved accessibility of disadvantaged communities with employment clusters, and attracts private investment to further foster a vibrant, sustainable community in line with the Region's established smart growth principles.

14. Four-Year Financial Plan:

A copy of the four-year financial plan is posted on BUDC's website at <http://www.buffalourbandevelopment.com/budc-corporate-reports>.

15. Board Performance Evaluations:

The BUDC Board of Directors conducted a Board Performance Evaluation for 2023 and forwarded the results to the Authorities Budget Office. The results of the survey are not subject to disclosure under Article six of the Public Officers Law.

16. Assets/Services bought or sold without competitive bidding:

Attachment 7 is a Procurement Report that will be filed under PARIS. The report outlines the assets and services purchased through competitive and non-competitive bidding for those procurements in excess of \$5,000.

17. Description of material pending litigation:

The audited financial statements for BUDC outline any material pending litigation. The audited financial statements are posted on BUDC's website at <http://www.buffalourbandevelopment.com/budc-corporate-reports>.

Certification Pursuant to Section 2800(3) of the Public Authorities Law

Pursuant to Section 2800 (3) of the Public Authorities Law, each of the undersigned Officers of Buffalo Urban Development Corporation, does hereby certify with respect to the annual financial report of the Corporation (the "Annual Financial Report") posted on BUDC's website at <http://www.buffalourbandevelopment.com/budc-corporate-reports> that based on the officer's knowledge:

1. The information provided in the Annual Financial Report is accurate, correct and does not contain any untrue statement of material fact;
2. Does not omit any material fact which, if omitted, would cause the financial statements contained in the Annual Financial Report to be misleading in light of the circumstances under which such statements are made; and
3. Fairly presents in all material respects the financial condition and results of operations of the Corporation as of, and for, the periods presented in such financial statements.

Brandye M. Merriweather
President

Date

Mollie Profic
Treasurer

Date

Attachment 1

2023 Mission Statement and Performance Measures with Results

is included elsewhere in this package and not repeated to reduce size



Annual Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2023

Run Date: 03/13/2024

Status: UNSUBMITTED

Certified Date: N/A

Current Debt

| Question | Response |
|---|----------|
| 1. Did the Authority have any outstanding debt, including conduit debt, at any point during the reporting period? | Yes |
| 2. If yes, has the Authority issued any debt during the reporting period? | |

New Debt Issuances

Annual Report for Buffalo Urban Development Corporation
Fiscal Year Ending: 12/31/2023

Run Date: 03/13/2024
Status: UNSUBMITTED
Certified Date: N/A

Schedule of Authority Debt

| Type of Debt | Statutory Authorization (\$) | Outstanding Start of Fiscal Year (\$) | New Debt Issuances (\$) | Debt Retired (\$) | Outstanding End of Fiscal Year (\$) |
|-------------------------------------|------------------------------|---------------------------------------|-------------------------|-------------------|-------------------------------------|
| State Obligation | | | | | |
| State Obligation | | | | | |
| State Obligation | | | | | |
| State Obligation | | | | | |
| Other State-Funded | | | | | |
| Authority Debt - General Obligation | | | | | |
| Authority Debt - Revenue | | | | | |
| Authority Debt - Other | | | | | |
| Conduit | | | | | |
| Conduit | | | | | |
| TOTALS | 0.00 | 15,100,917.00 | 0.00 | 1,001,167.00 | 14,099,750.00 |
| | 0.00 | 15,100,917.00 | 0.00 | 1,001,167.00 | 14,099,750.00 |

Buffalo Urban Development Corporation
 Compensation Schedule
 Year Ended: December 31, 2023

The following employees had a base salary greater than \$100,000 in 2023:

| Name | Title | Salary | Performance Compensation | Payroll Taxes* | Benefits | Total |
|----------------------|--------------------------|------------|--------------------------|----------------|----------|------------|
| Brandye Merriweather | President | \$ 126,360 | - | 9,919 | 24,706 | \$ 160,985 |
| Rebecca Gandour | Executive Vice President | \$ 110,760 | - | 8,725 | 37,834 | \$ 157,319 |

* Represents Employer's Share of FICA taxes (Social Security & Medicare) & NYS Unemployment Insurance taxes



Annual Report for Buffalo Urban Development Corporation
 Fiscal Year Ending: 12/31/2023

Run Date: 03/13/2024
 Status: UNSUBMITTED
 Certified Date: N/A

Benefit Information

During the fiscal year, did the Authority continue to pay for any of the above mentioned benefits for former staff or individuals affiliated With the Authority after those individuals left the Authority? No

Board Members

| Name | Title | Severance Package | Payment for Unused Leave | Club Memberships | Use of Corporate Credit Cards | Personal Loans | Auto | Transportation | Housing Allowance | Spousal / Dependent Life Insurance | Tuition Assistance | Multi-Year Employment | None of these Benefits | Other |
|------|-------|-------------------|--------------------------|------------------|-------------------------------|----------------|------|----------------|-------------------|------------------------------------|--------------------|-----------------------|------------------------|-------|
|------|-------|-------------------|--------------------------|------------------|-------------------------------|----------------|------|----------------|-------------------|------------------------------------|--------------------|-----------------------|------------------------|-------|

Staff

| Name | Title | Severance Package | Payment for Unused Leave | Club Memberships | Use of Corporate Credit Cards | Personal Loans | Auto | Transportation | Housing Allowance | Spousal / Dependent Life Insurance | Tuition Assistance | Multi-Year Employment | None of these Benefits | Other |
|-----------------------|--------------------------|-------------------|--------------------------|------------------|-------------------------------|----------------|------|----------------|-------------------|------------------------------------|--------------------|-----------------------|------------------------|-------|
| Gandour, Rebecca | Executive Vice President | | | | | | | | | | | | X | |
| Merriwathe r, Brandye | President | | | | | | | | | | | | X | |

Buffalo Urban Development Corporation
Property Report
Year Ended: December 31, 2023

Table 1. This is a listing of all real property owned by BUDC, or through its affiliates or subsidiaries, at December 31, 2023

| BUDC Facility | Address or SBL of Property | Full Description of Property | Estimated FMV of Property |
|---------------------------------------|----------------------------|--|---------------------------|
| Buffalo Lakeside Commerce Park 22, 18 | 80 Ship Canal Parkway | 2.01 acres of vacant land | \$ 70,350 |
| Buffalo, New York | 134 Ship Canal Parkway | 2.15 acres of vacant land | \$ 75,250 |
| Some Under Contract | 158 Ship Canal Parkway | 2.15 acres of vacant land | \$ 75,260 |
| Others Being Marketed | 193 Ship Canal Parkway | 9.59 acres of vacant land | \$ 335,650 |
| | 200 Ship Canal Parkway | 5.86 acres of vacant land | \$ 205,100 |
| | 280 Ship Canal Parkway | 0.42 acre of vacant land | \$ 14,700 |
| Northland Corridor | | | |
| 37.03 Acres | 537 East Delavan Avenue | 10.52 acres of land 60K s.f. vacant, 15K s.f. occupied | \$ 900,000 |
| Buffalo, New York | 577 Northland Avenue | 29,000 s.f. of greenspace | \$ 29,000 |
| Some Being Marketed | 631 Northland Avenue | 2.63 acres of land w/ a 40,000 s.f. vacant building | \$ 400,000 |
| | 644 Northland Avenue | 11,000 s.f. of land w/ 4,000 s.f. building | \$ 32,000 |
| | 655 Northland Avenue | 1.28 acres of parking and greenspace | \$ - |
| | 664 Northland Avenue | 12,000 s.f. of parking | \$ 50,000 |
| | 699 Northland Avenue | 3,225 s.f. of vacant land | \$ 3,225 |
| | 683 Northland Avenue | 7,27 acres of land w/ 235,000 s.f. of occupied buildings | \$ 14,000,000 |
| | 688 Northland Avenue | 12,000 s.f. of parking | \$ 50,000 |
| | 714 Northland Avenue | 1.81 acres of land w/ an 18,000 s.f. occupied building | \$ 435,000 |
| | 741 Northland Avenue | 4,665 acres of land w/ a 92,000 s.f. derelict building | \$ 550,000 |
| | 767 Northland Avenue | 7,998 s.f. of vacant land | \$ 8,000 |
| | 777 Northland Avenue | 4.14 acres of land w/ a 81,000 s.f. derelict building | \$ 50,000 |
| | 126 Dutton Avenue | 7,800 s.f. of vacant land | \$ 7,800 |
| | 162 Winchester Street | 351 acres of vacant land | \$ 15,000 |
| | 164 Winchester Street | 3,940 s.f. of vacant land | \$ 4,000 |
| | 168 Winchester Street | 3,940 s.f. of vacant land | \$ 4,000 |
| | 572 Northland Avenue | 4,560 s.f. of vacant land | \$ 5,000 |
| | 574 Northland Avenue | 7,260 s.f. of vacant land | \$ 7,000 |
| | 1669 Fillmore Avenue | 6,144 s.f. of vacant land | \$ 6,000 |
| | 1675 Fillmore Avenue | 7,680 s.f. of vacant land | \$ 8,000 |
| | 1679 Fillmore Avenue | 9,457 s.f. of vacant land | \$ 2,800 |
| | 1681 Fillmore Avenue | 28,564 s.f. of vacant land | \$ 29,000 |
| Other | | | |
| Not Marketed, Buffalo | 1322 South Park Avenue | 2,860 s.f. of vacant land | \$ 9,000 |

Note: The FMV is estimated using an average per acre value based on a sampling of non-current appraisals. Negotiated "final sale" value may vary.

Table 2. The following is a listing of personal property (with a fair market value ("FMV") in excess of \$5,000) and all real property that was disposed of during 2022.

| Address and Location of Property | Full Description of Property | Estimated FMV of Property | Name & Address of Purchaser | Date of Sale | \$ Received by BUDC Related Entities (Norbell, LLC & King Crow, LLC) |
|----------------------------------|------------------------------|---------------------------|-----------------------------|--------------|--|
| None | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

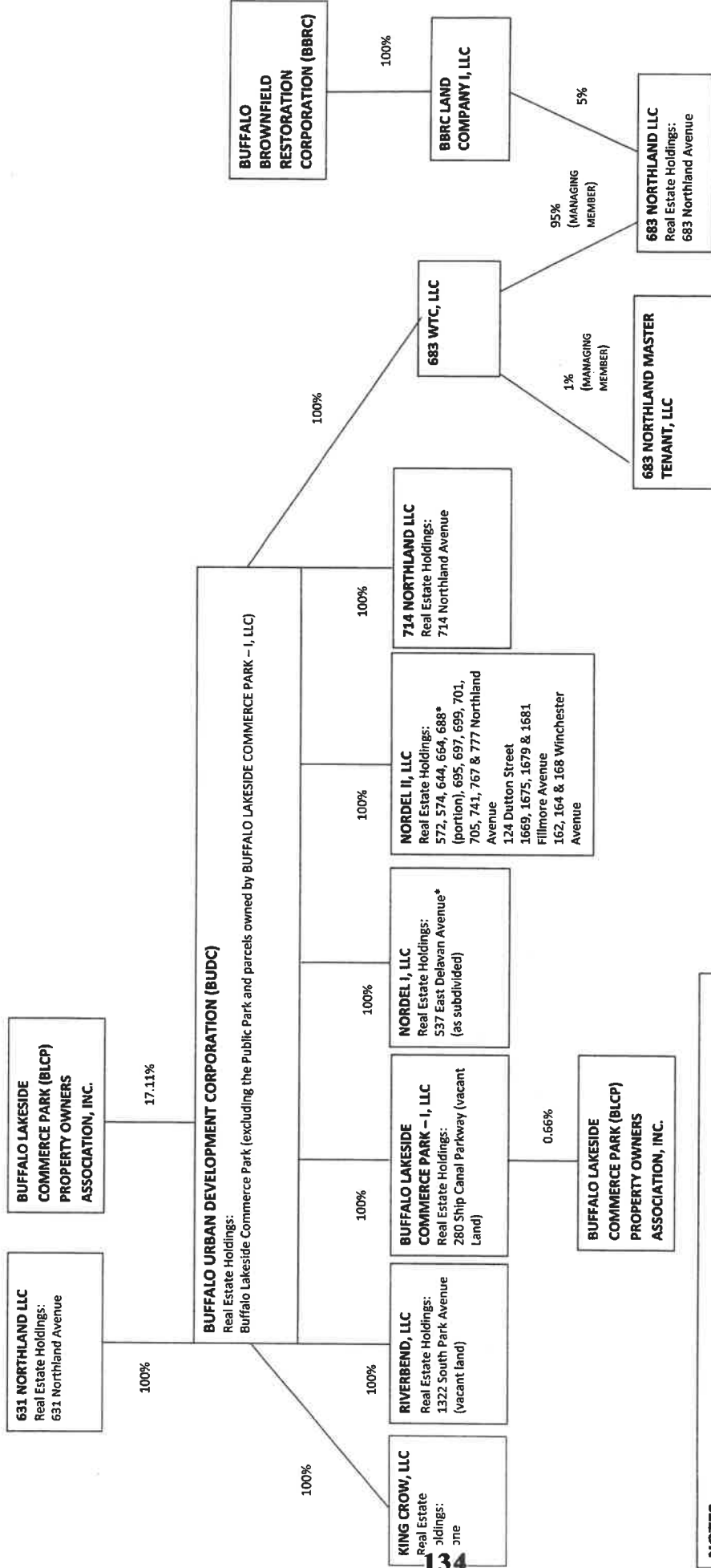
Table 3. The following is a listing of all real property that was acquired during 2022.

| Address and Location of Property | Full Description of Property | Estimated FMV of Property | Name & Address of Seller | Date of Purchase | \$ Paid by BUDC Related Entity (Nor-Dell II, LLC) |
|----------------------------------|------------------------------|---------------------------|--------------------------|------------------|---|
| None | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

2023 BUDC Board Meeting Attendance List
X = Attended

| Member | Jan 1/31/23 | Feb 2/28/23 | Mar 3/28/23 | Apr 4/25/23 | May No Meeting | Jun 6/27/23 | Jul 7/25/23 | Aug 8/29/23 | Sep 9/26/23 | Oct 10/31/23 | Nov No Meeting | Dec 12/19/23 | Notes |
|------------------------|----------------|----------------|----------------|----------------|-------------------|----------------|----------------|----------------|----------------|-----------------|-------------------|-----------------|--------------------------|
| Catherine Amdur | X | X | X | X | | X | X | X | X | X | | X | |
| Hon. Byron Brown | | | | | | X | | | | | | | |
| Trina Burruss | X | X | X | | | | | X | | X | | X | |
| Scott Bylewski, Esq. | X | | X | X | | X | X | X | X | X | | X | Term Begin: 1/24/2023 |
| Daniel Castle | X | | X | X | | X | X | X | X | X | | X | |
| Janique Curry | | X | X | X | | X | | X | | X | | X | |
| Dennis W. Eisenbeck | X | | X | X | | X | X | | X | | | X | |
| Darby Fishkin | | X | | X | | X | | X | | X | | X | |
| Dottie Gallagher | X | X | X | | | | | | | | | | |
| Thomas Halligan | X | X | X | X | | X | X | X | X | X | | | |
| Elizabeth Holden, Esq. | X | | X | X | | | X | | | X | | | |
| Thomas A. Kucharski | | X | X | X | | X | X | X | X | X | | X | |
| Nathan Marton | | X | | | | | | X | | X | | X | |
| Brendan Mehaffy | X | X | X | | | X | X | X | X | X | | X | |
| Kimberley Minkel | X | X | X | X | | X | X | X | X | X | | | |
| David Nasca | X | | X | X | | | X | X | X | X | | | |
| Dennis Penman | X | X | | | | | X | X | X | | | | |
| Rev. Darius Pridgen | | X | X | | | | | | | | | | Term End: 12/19/2023 |
| Karen Utz | X | | | X | | X | | | X | | | X | |

BUFFALO URBAN DEVELOPMENT CORPORATION
Corporate Structure Chart
As of December 31, 2023



NOTES:

1. The BBRC Board of Directors is comprised of all of the members of BUDC's Real Estate Committee, along with two independent (non-BUDC affiliated) directors.
2. BUDC and BBRC are 501(c)(3) tax-exempt organizations.



Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2023

Run Date: 03/13/2024
 Status: UNSUBMITTED
 Certified Date : N/A

Procurement Information:

| Question | Response | URL (If Applicable) |
|---|----------|---|
| 1. Does the Authority have procurement guidelines? | Yes | https://www.buffalourbandevelopment.com/bude-corporate-policies |
| 2. Are the procurement guidelines reviewed annually, amended if needed, and approved by the Board? | Yes | |
| 3. Does the Authority allow for exceptions to the procurement guidelines? | No | |
| 4. Does the Authority assign credit cards to employees for travel and/or business purchases? | No | |
| 5. Does the Authority require prospective bidders to sign a non-collusion agreement? | Yes | |
| 6. Does the Authority incorporate a summary of its procurement policies and prohibitions in its solicitation of proposals, bid documents, or specifications for procurement contracts? | Yes | |
| 7. Did the Authority designate a person or persons to serve as the authorized contact on a specific procurement, in accordance with Section 139-(2)(a) of the State Finance Law, "The Procurement Lobbying Act"? | Yes | |
| 8. Did the Authority determine that a vendor had impermissible contact during a procurement or attempted to influence the procurement during the reporting period, in accordance with Section 139-(10) of the State Finance Law? | No | |
| 8a. If Yes, was a record made of this impermissible contact? | | |
| 9. Does the Authority have a process to review and investigate allegations of impermissible contact during a procurement, and to impose sanctions in instances where violations have occurred, in accordance with Section 139-(9) of the State Finance Law? | Yes | |

Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2023

Run Date: 03/13/2024
Status: UNSUBMITTED
Certified Date : N/A

Procurement Transactions Listing:

| | | | | |
|-----------|--|--|--------------------------------|--|
| 1. | Vendor Name | Bisonwing Planning & Development LLC | Address Line1 | 25000 Cypress Hollow Court #102 |
| | Type of Procurement | Consulting Services | Address Line2 | |
| | Award Process | Authority Contract - Non-Competitive Bid | City | BONITA SPRINGS |
| | Award Date | 1/1/2023 | State | FL |
| | End Date | 12/31/2023 | Postal Code | 34134 |
| | Fair Market Value | \$15,000.00 | Plus 4 | |
| | Amount | \$15,000.00 | Province/Region | United States |
| | Amount Expended For Fiscal Year | \$9,075.00 | Country | United States |
| | Explain why the Fair Market Value is Less than the Amount | | Procurement Description | Consulting services for various development projects |
| 2. | Vendor Name | CIR Electrical Construction Co. | Address Line1 | 2517 Long Road |
| | Type of Procurement | Design and Construction/Maintenance | Address Line2 | |
| | Award Process | Authority Contract - Competitive Bid | City | GRAND ISLAND |
| | Award Date | 6/27/2023 | State | NY |
| | End Date | | Postal Code | 14072 |
| | Fair Market Value | | Plus 4 | |
| | Amount | \$12,900.00 | Province/Region | United States |
| | Amount Expended For Fiscal Year | \$12,900.00 | Country | United States |
| | Explain why the Fair Market Value is Less than the Amount | | Procurement Description | Electrical contracting |

Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2023

Run Date: 03/13/2024
Status: UNSUBMITTED
Certified Date : N/A

| | | | |
|--|--|--------------------------------|--|
| 3. Vendor Name | Cammarata Consulting, LLC | Address Line1 | 1033 Parkside Avenue |
| Type of Procurement | Consulting Services | Address Line2 | |
| Award Process | Authority Contract - Non-Competitive Bid | City | BUFFALO |
| Award Date | 1/1/2023 | State | NY |
| End Date | 12/31/2023 | Postal Code | 14216 |
| Fair Market Value | \$15,000.00 | Plus 4 | |
| Amount | \$15,000.00 | Province/Region | United States |
| Amount Expended For Fiscal Year | \$15,000.00 | Country | United States |
| Explain why the Fair Market Value is Less than the Amount | | Procurement Description | Consulting services for various development projects |

| | | | |
|--|--------------------------------------|--------------------------------|--|
| 4. Vendor Name | DMJ Property Services | Address Line1 | 295 Coronation Drive |
| Type of Procurement | Design and Construction/Maintenance | Address Line2 | |
| Award Process | Authority Contract - Competitive Bid | City | AMHERST |
| Award Date | 11/3/2020 | State | NY |
| End Date | 10/31/2023 | Postal Code | 14226 |
| Fair Market Value | | Plus 4 | |
| Amount | \$135,200.00 | Province/Region | United States |
| Amount Expended For Fiscal Year | \$39,342.26 | Country | United States |
| Explain why the Fair Market Value is Less than the Amount | | Procurement Description | Lawn care, maintenance, and snow plowing at Buffalo Lakeside Commerce Park |

Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2023

Run Date: 03/13/2024
Status: UNSUBMITTED
Certified Date : N/A

| | | | |
|--|---|--------------------------------|--|
| 5. Vendor Name | Erle County Industrial Development Agency | Address Line1 | 95 Perry Street |
| Type of Procurement | Other | Address Line2 | Suite 403 |
| Award Process | Non Contract Procurement/Purchase Order | City | BUFFALO |
| Award Date | | State | NY |
| End Date | | Postal Code | 14203 |
| Fair Market Value | | Plus 4 | |
| Amount | | Province/Region | United States |
| Amount Expended For Fiscal Year | \$184,712.14 | Country | United States |
| Explain why the Fair Market Value is Less than the Amount | | Procurement Description | 683 Northland project admin fee, ECIDA staff reimbursement, rent |

| | | | |
|--|--|--------------------------------|----------------------------|
| 6. Vendor Name | Freed Maxick CPAs, P.C. | Address Line1 | 424 Main Street, Suite 800 |
| Type of Procurement | Financial Services | Address Line2 | |
| Award Process | Authority Contract - Non-Competitive Bid | City | BUFFALO |
| Award Date | 1/1/2022 | State | NY |
| End Date | 5/31/2026 | Postal Code | 14202 |
| Fair Market Value | \$186,475.00 | Plus 4 | |
| Amount | \$186,475.00 | Province/Region | United States |
| Amount Expended For Fiscal Year | \$67,102.33 | Country | United States |
| Explain why the Fair Market Value is Less than the Amount | | Procurement Description | Audit and consulting fees |

Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2023

Run Date: 03/13/2024
Status: UNSUBMITTED
Certified Date : N/A

| | | | |
|--|--------------------------------------|--------------------------------|---|
| 7. Vendor Name | Gardiner & Theobald, Inc. | Address Line1 | 535 Fifth Avenue |
| Type of Procurement | Other Professional Services | Address Line2 | 3rd Floor |
| Award Process | Authority Contract - Competitive Bid | City | NEW YORK |
| Award Date | 7/9/2020 | State | NY |
| End Date | 12/31/2024 | Postal Code | 10017 |
| Fair Market Value | | Plus 4 | |
| Amount | \$2,864,000.00 | Province/Region | United States |
| Amount Expended For Fiscal Year | \$732,969.05 | Country | United States |
| Explain why the Fair Market Value is Less than the Amount | | Procurement Description | Services related to the Centennial Park project |

| | | | |
|--|--|--------------------------------|---|
| 8. Vendor Name | Hurwitz Fine, P.C. | Address Line1 | 1300 Liberty Building |
| Type of Procurement | Legal Services | Address Line2 | |
| Award Process | Authority Contract - Non-Competitive Bid | City | BUFFALO |
| Award Date | 1/3/2005 | State | NY |
| End Date | | Postal Code | 14202 |
| Fair Market Value | | Plus 4 | |
| Amount | \$132,202.60 | Province/Region | United States |
| Amount Expended For Fiscal Year | \$132,202.60 | Country | United States |
| Explain why the Fair Market Value is Less than the Amount | | Procurement Description | Legal services for BUDC and 683 Northland, LLC. |

Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2023

Run Date: 03/13/2024
Status: UNSUBMITTED
Certified Date : N/A

| | | | |
|--|--------------------------------------|--------------------------------|--|
| 9. Vendor Name | Independent Health | Address Line1 | 511 Farber Lakes Drive |
| Type of Procurement | Other | Address Line2 | |
| Award Process | Authority Contract - Competitive Bid | City | BUFFALO |
| Award Date | 2/1/2023 | State | NY |
| End Date | 1/31/2024 | Postal Code | 14211 |
| Fair Market Value | | Plus 4 | |
| Amount | \$43,801.18 | Province/Region | United States |
| Amount Expended For Fiscal Year | \$43,801.18 | Country | United States |
| Explain why the Fair Market Value is Less than the Amount | | Procurement Description | Health insurance policies for BUDC staff |

| | | | |
|--|---|--------------------------------|--|
| 10. Vendor Name | Invest Buffalo Niagara | Address Line1 | 257 West Genesee St |
| Type of Procurement | Other Professional Services | Address Line2 | Suite 600 |
| Award Process | Non Contract Procurement/Purchase Order | City | BUFFALO |
| Award Date | | State | NY |
| End Date | | Postal Code | 14202 |
| Fair Market Value | | Plus 4 | |
| Amount | | Province/Region | United States |
| Amount Expended For Fiscal Year | \$15,000.00 | Country | United States |
| Explain why the Fair Market Value is Less than the Amount | | Procurement Description | Annual contribution resulting in in-kind marketing services. |

Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2023

Run Date: 03/13/2024
Status: UNSUBMITTED
Certified Date : N/A

| | | | |
|--|--------------------------------------|--------------------------------|---|
| 11. Vendor Name | Kinsale Insurance Company | Address Line1 | 2221 Edward Holland Drive |
| Type of Procurement | Other Professional Services | Address Line2 | Suite 600 |
| Award Process | Authority Contract - Competitive Bid | City | RICHMOND |
| Award Date | 1/1/2023 | State | VA |
| End Date | 12/31/2023 | Postal Code | 23230 |
| Fair Market Value | | Plus 4 | |
| Amount | \$27,976.11 | Province/Region | United States |
| Amount Expended For Fiscal Year | \$27,976.11 | Country | United States |
| Explain why the Fair Market Value is Less than the Amount | | Procurement Description | General liability, and umbrella insurance policies for NorDel II. |

| | | | |
|--|--------------------------------------|--------------------------------|---|
| 12. Vendor Name | LaBella Associates P.C. | Address Line1 | 300 Pearl Street |
| Type of Procurement | Other Professional Services | Address Line2 | Suite 130 |
| Award Process | Authority Contract - Competitive Bid | City | BUFFALO |
| Award Date | 4/13/2023 | State | NY |
| End Date | | Postal Code | 14202 |
| Fair Market Value | | Plus 4 | |
| Amount | \$1,131,097.00 | Province/Region | United States |
| Amount Expended For Fiscal Year | \$261,554.52 | Country | United States |
| Explain why the Fair Market Value is Less than the Amount | | Procurement Description | Architectural services related to Northland Phase 3 redevelopment |

Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2023

Run Date: 03/13/2024
Status: UNSUBMITTED
Certified Date : N/A

| | | | |
|--|--------------------------------------|--------------------------------|---|
| 13. Vendor Name | Landscape Associate of WNY, Inc. | Address Line1 | P.O. Box 623 |
| Type of Procurement | Design and Construction/Maintenance | Address Line2 | |
| Award Process | Authority Contract - Competitive Bid | City | SANBORN |
| Award Date | 4/1/2020 | State | NY |
| End Date | 4/30/2024 | Postal Code | 14132 |
| Fair Market Value | | Plus 4 | |
| Amount | \$261,993.00 | Province/Region | United States |
| Amount Expended For Fiscal Year | \$36,988.74 | Country | United States |
| Explain why the Fair Market Value is Less than the Amount | | Procurement Description | Northland campus landscaping and snow removal |

| | | | |
|--|--------------------------------------|--------------------------------|---|
| 14. Vendor Name | Lexington Insurance Company | Address Line1 | 99 High Street, Floor 24 |
| Type of Procurement | Other Professional Services | Address Line2 | |
| Award Process | Authority Contract - Competitive Bid | City | BOSTON |
| Award Date | 12/31/2022 | State | MA |
| End Date | 4/10/2024 | Postal Code | 02110 |
| Fair Market Value | | Plus 4 | |
| Amount | \$70,699.19 | Province/Region | United States |
| Amount Expended For Fiscal Year | \$70,699.19 | Country | United States |
| Explain why the Fair Market Value is Less than the Amount | | Procurement Description | Directors and officers excess liability coverage, NorDel II property coverage |

Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2023

Run Date: 03/13/2024
Status: UNSUBMITTED
Certified Date : N/A

| | | | |
|--|--------------------------------------|--------------------------------|--|
| 15. Vendor Name | Lincoln Life & Annuity Company of NY | Address Line1 | P.O. Box 2609 |
| Type of Procurement | Other | Address Line2 | |
| Award Process | Authority Contract - Competitive Bid | City | OMAHA |
| Award Date | 2/1/2023 | State | NE |
| End Date | 1/31/2024 | Postal Code | 68103 |
| Fair Market Value | | Plus 4 | |
| Amount | \$7,897.42 | Province/Region | United States |
| Amount Expended For Fiscal Year | \$7,897.42 | Country | United States |
| Explain why the Fair Market Value is Less than the Amount | | Procurement Description | Dental, AD&D, group term life, and long-term disability insurance policies for BUDC employees. |

| | | | |
|--|--------------------------------------|--------------------------------|---|
| 16. Vendor Name | Mancuso Management, Inc. | Address Line1 | 56 Harvester Avenue |
| Type of Procurement | Other Professional Services | Address Line2 | |
| Award Process | Authority Contract - Competitive Bid | City | BATAVIA |
| Award Date | 8/1/2015 | State | NY |
| End Date | 12/31/2023 | Postal Code | 14020 |
| Fair Market Value | | Plus 4 | |
| Amount | \$11,654.09 | Province/Region | United States |
| Amount Expended For Fiscal Year | \$11,654.09 | Country | United States |
| Explain why the Fair Market Value is Less than the Amount | | Procurement Description | Contractual property management services plus reimbursement of direct costs associated with Northland property. |

Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2023

Run Date: 03/13/2024
Status: UNSUBMITTED
Certified Date : N/A

| | | | |
|--|--|--------------------------------|-------------------------------------|
| 17. Vendor Name | Michael Van Valkenburgh Associates, Inc. | Address Line1 | 231 Concord Avenue |
| Type of Procurement | Design and Construction/Maintenance | Address Line2 | |
| Award Process | Authority Contract - Non-Competitive Bid | City | CAMBRIDGE |
| Award Date | 5/28/2019 | State | MA |
| End Date | 4/1/2026 | Postal Code | 02138 |
| Fair Market Value | \$16,082,137.88 | Plus 4 | |
| Amount | \$16,082,137.88 | Province/Region | United States |
| Amount Expended For Fiscal Year | \$783,589.66 | Country | United States |
| Explain why the Fair Market Value is Less than the Amount | | Procurement Description | Services related to Centennial Park |

| | | | |
|--|--------------------------------------|--------------------------------|--|
| 18. Vendor Name | Moore Iacofano Gollisman, Inc. | Address Line1 | 374 Fulton Street |
| Type of Procurement | Consulting Services | Address Line2 | 3rd Floor |
| Award Process | Authority Contract - Competitive Bid | City | BROOKLYN |
| Award Date | 1/5/2023 | State | NY |
| End Date | 9/30/2023 | Postal Code | 11201 |
| Fair Market Value | | Plus 4 | |
| Amount | \$173,790.00 | Province/Region | United States |
| Amount Expended For Fiscal Year | \$150,205.75 | Country | United States |
| Explain why the Fair Market Value is Less than the Amount | | Procurement Description | Consulting services related to Infrastructure and public realm improvements along the downtown waterfront. |

Procurement Report for Buffalo Urban Development Corporation
Fiscal Year Ending: 12/31/2023

Run Date: 03/13/2024
Status: UNSUBMITTED
Certified Date : N/A

| | | | |
|--|---|--------------------------------|---|
| 19. Vendor Name | National Fuel | Address Line1 | P.O. Box 371895 |
| Type of Procurement | Other | Address Line2 | |
| Award Process | Non Contract Procurement/Purchase Order | City | PITTSBURGH |
| Award Date | | State | PA |
| End Date | | Postal Code | 15250 |
| Fair Market Value | | Plus 4 | |
| Amount | | Province/Region | United States |
| Amount Expended For Fiscal Year | \$74,661.60 | Country | United States |
| Explain why the Fair Market Value is Less than the Amount | | Procurement Description | Ralph Wilson Park gas facilities relocation, natural gas service for Northland properties |

| | | | |
|--|---|--------------------------------|---|
| 20. Vendor Name | National Grid | Address Line1 | PO Box 11742 |
| Type of Procurement | Other | Address Line2 | |
| Award Process | Non Contract Procurement/Purchase Order | City | NEWARK |
| Award Date | | State | NJ |
| End Date | | Postal Code | 07101 |
| Fair Market Value | | Plus 4 | |
| Amount | | Province/Region | United States |
| Amount Expended For Fiscal Year | \$26,200.47 | Country | United States |
| Explain why the Fair Market Value is Less than the Amount | | Procurement Description | Electrical utility service for Northland properties and Buffalo Lakeside Commerce Park. |

Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2023

Run Date: 03/13/2024
Status: UNSUBMITTED
Certified Date : N/A

| | | | |
|--|---|-------------------------|---|
| 21. Vendor Name | National Grid | Address Line1 | 300 Erie Blvd. West |
| Type of Procurement | Other | Address Line2 | |
| Award Process | Non Contract Procurement/Purchase Order | City | SYRACUSE |
| Award Date | | State | NY |
| End Date | | Postal Code | 13202 |
| Fair Market Value | | Plus 4 | |
| Amount | | Province/Region | United States |
| Amount Expended For Fiscal Year | \$2,369,175.00 | Country | United States |
| Explain why the Fair Market Value is Less than the Amount | | Procurement Description | Electrical work related to Ralph Wilson Park project. |

| | | | |
|--|--------------------------------------|-------------------------|-------------------------------------|
| 22. Vendor Name | Philadelphia Insurance Company | Address Line1 | PO Box 70251 |
| Type of Procurement | Other Professional Services | Address Line2 | |
| Award Process | Authority Contract - Competitive Bid | City | PHILADELPHIA |
| Award Date | 12/31/2022 | State | PA |
| End Date | 12/31/2023 | Postal Code | 19176 |
| Fair Market Value | | Plus 4 | |
| Amount | \$32,135.00 | Province/Region | United States |
| Amount Expended For Fiscal Year | \$32,135.00 | Country | United States |
| Explain why the Fair Market Value is Less than the Amount | | Procurement Description | BUDC Directors & Officers Insurance |

Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2023

Run Date: 03/13/2024
Status: UNSUBMITTED
Certified Date: N/A

| | | | |
|--|--------------------------------------|--------------------------------|---|
| 23. Vendor Name | Preferred Mutual Insurance Co | Address Line1 | 1 Preferred Way |
| Type of Procurement | Other Professional Services | Address Line2 | |
| Award Process | Authority Contract - Competitive Bid | City | NEW BERLIN |
| Award Date | 2/28/2023 | State | NY |
| End Date | 2/28/2023 | Postal Code | 13411 |
| Fair Market Value | | Plus 4 | |
| Amount | \$6,571.72 | Province/Region | United States |
| Amount Expended For Fiscal Year | \$6,571.72 | Country | United States |
| Explain why the Fair Market Value is Less than the Amount | | Procurement Description | Commercial insurance for 714 Northland property |

| | | | |
|--|--|--------------------------------|---|
| 24. Vendor Name | Sandra White | Address Line1 | 170 Florida Street, Apt 214 |
| Type of Procurement | Consulting Services | Address Line2 | |
| Award Process | Authority Contract - Non-Competitive Bid | City | BUFFALO |
| Award Date | 8/3/2023 | State | NY |
| End Date | 12/31/2024 | Postal Code | 14208 |
| Fair Market Value | \$25,000.00 | Plus 4 | |
| Amount | \$25,000.00 | Province/Region | United States |
| Amount Expended For Fiscal Year | \$17,350.00 | Country | United States |
| Explain why the Fair Market Value is Less than the Amount | | Procurement Description | dfb/a Mustard Seed World Consulting Group. Community outreach and marketing services related to Northland Beltline project. |

Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2023

Run Date: 03/13/2024
Status: UNSUBMITTED
Certified Date : N/A

| | | | |
|--|--------------------------------------|--------------------------------|--|
| 25. Vendor Name | Shanor Electric Supplies LLC | Address Line1 | 1276 Military Road |
| Type of Procurement | Commodities/Supplies | Address Line2 | |
| Award Process | Authority Contract - Competitive Bid | City | KENMORE |
| Award Date | 8/14/2023 | State | NY |
| End Date | | Postal Code | 14217 |
| Fair Market Value | | Plus 4 | |
| Amount | \$50,000.00 | Province/Region | United States |
| Amount Expended For Fiscal Year | \$50,000.00 | Country | United States |
| Explain why the Fair Market Value is Less than the Amount | | Procurement Description | LED lighting for library underpass project |

| | | | |
|--|--------------------------------------|--------------------------------|---|
| 26. Vendor Name | Stohl Environmental | Address Line1 | 3860 California Road |
| Type of Procurement | Other Professional Services | Address Line2 | |
| Award Process | Authority Contract - Competitive Bid | City | ORCHARD PARK |
| Award Date | 8/11/2023 | State | NY |
| End Date | | Postal Code | 14127 |
| Fair Market Value | | Plus 4 | |
| Amount | \$8,445.00 | Province/Region | United States |
| Amount Expended For Fiscal Year | \$8,445.00 | Country | United States |
| Explain why the Fair Market Value is Less than the Amount | | Procurement Description | Inspection and analysis services at Ralph Wilson Park |

Procurement Report for Buffalo Urban Development Corporation

Fiscal Year Ending: 12/31/2023

Run Date: 03/13/2024
 Status: UNSUBMITTED
 Certified Date : N/A

| | | | | |
|------------|--|--------------------------------------|--------------------------------|---|
| 27. | Vendor Name | The Hartford Insurance | Address Line1 | P.O. Box 660916 |
| | Type of Procurement | Other Professional Services | Address Line2 | |
| | Award Process | Authority Contract - Competitive Bid | City | DALLAS |
| | Award Date | 12/31/2023 | State | TX |
| | End Date | 12/31/2024 | Postal Code | 75266 |
| | Fair Market Value | | Plus 4 | |
| | Amount | \$14,751.70 | Province/Region | United States |
| | Amount Expended For Fiscal Year | \$14,751.70 | Country | United States |
| | Explain why the Fair Market Value is Less than the Amount | | Procurement Description | BUDC umbrella insurance, commercial package (property, auto, liability), and Workers' Compensation Insurance. |

Additional Comments

BUFFALO URBAN DEVELOPMENT CORPORATION

AMENDED AND RESTATED PROCUREMENT POLICY

A. Scope and Purpose.

Pursuant to Section 2824 of the Public Authorities Law, the Buffalo Urban Development Corporation ("BUDC") is required to establish and adopt a procurement policy. This Amended and Restated Procurement Policy ("Policy") shall also be applicable to all procurements undertaken by any existing subsidiary or affiliated organizations of BUDC and such other subsidiaries and affiliates as may hereafter be established by BUDC.

B. Procurement Procedures.

1. Solicitation Procedures for the Purchase of Goods and Services.

- a. Up to \$10,000 per instance - Documented verbal quotes or written/fax/e-mail quotes from at least two vendors.
- b. Greater than \$10,000 to \$25,000 per instance Written/fax/email quotes from at least three vendors.

C. Greater than \$25,000 to \$100,000 per instance Formal written Request for Proposal (RFP) submitted to at least three vendors and posted at the BUDC website.

- d. Greater than \$100,000 per instance Formal written Request for Proposal (RFP) submitted to at least three vendors, posted at the BUDC website and publicly noticed in the NYS Contract Reporter.
- e. Notwithstanding the foregoing, if it is reasonably anticipated that cumulative procurements pursuant to subsections (a) or (b) above will cost between \$25,000 and \$100,000 per calendar year for a single vendor or service, BUDC shall comply with the provisions of subsection. (c) above; or if such cumulative procurements are reasonably anticipated to cost over \$100,000 per calendar year, BUDC shall comply with the provisions of subsection (d) above.

2. Exceptions. Alternative proposals or quotations shall not be required for procurements made through or with respect to:

- a. New York State or Erie County contracts.
- b. State Finance Law Section 175-b (from agencies for the blind or severely handicapped).
- c. Correction Law Section 186 (articles manufactured in correctional institutions).

- d. Emergency Procurements — an emergency exists if the delay caused by soliciting quotes would endanger public health, welfare or property. Approval of the President after consultation with the officers of BUDC is necessary, which shall be documented in the procurement file and shall include a description of the facts giving rise to the emergency and the basis for selecting the particular vendor.
- e. Time Sensitive Economic Development Opportunity — An opportunity is time-sensitive when a vendor must be retained quickly to avoid a delay that would adversely impact an economic development project or initiative of BUDC. Such time-sensitive situations include but are not limited to: the possible loss of grant funding, the termination, default or withdrawal of an existing vendor; the need to respond to a court order or regulatory directive; or some other compelling need for goods or services. Approval of the President after consultation with the officers of BUDC is necessary, which shall be documented in the procurement file and shall also include a description of the facts relating to the time sensitive opportunity and the basis for selecting the particular vendor.
- f. Sole Source Procurements — A "sole source" means a situation where (i) there is only one possible source in the marketplace for the goods or services, (ii) no other goods and/or services provide substantially equivalent or similar benefits, and (iii) considering the benefits, the cost to BUDC is reasonable and in the best interests of BUDC. Approval of the President after consultation with the officers of BUDC is necessary, which shall be documented in the procurement file along with an explanation of the basis for the procurement qualifying as a sole source procurement.
- g. Single Source Procurements — A "single source" means a situation where, even though two or more vendors are available to supply the required goods or services, BUDC determines that: (i) 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 (ii) considering the benefits, the cost to BUDC is reasonable. Approval of the President after consultation with the officers of BUDC is necessary, which shall be documented in the procurement file along with an explanation of the basis for concluding that a single source procurement was in the best interests of BUDC and the manner in which BUDC identified the selected vendor.
- h. Utilities and Affiliate Transactions — The purchase of utilities and inter-affiliate or subsidiary transactions are excepted from alternative proposal/quotation requirements.
- i. Unavailability of the minimum number of vendors required under Section B, as applicable, that are able or willing to respond to a solicitation.

- j. Resolution Waiving Solicitation Requirements The BUDC Board of Directors may adopt a resolution prospectively waiving solicitation requirements upon the Board's determination that solicitation would be impractical and such waiver is in the best interests of BUDC.

3. Basis for the Award of Contracts.

It is the general policy of BUDC to award contracts to the lowest responsible dollar offeror who meets the specifications therefor. BUDC may award contracts to other than the lowest responsible dollar offeror under circumstances that BUDC determines justify an award to other than the lowest responsible dollar offeror. In making any such determination, BUDC shall consider relevant factors including, without limitation:

- a. The vendor is an NIBE or WBE firm, or relative to other vendors for the specific procurement has demonstrated the ability to meet or exceed applicable M/WBE and/or minority or workforce participation requirements;
- b. Delivery, quality, and quantity requirements;
- c. Past vendor performance and/or experience;
- d. Which proposal is most advantageous to BUDC, considering other factors in addition to price;
- e. Unavailability of the minimum number of vendors required under Section B, as applicable, that are able or willing to respond to a solicitation; and
- f. Any procurement excepted from the alternative proposal/quotation requirements as set forth in subsection 2 of this Section B, and the procurement of professional services in Section E of this Policy.

4. Documentation: Procurement Tracking Form.

Each procurement made under this Policy shall be documented on a separate Procurement Tracking Form, the form of which is attached hereto as Schedule A and made a part hereof. An annual procurement report shall be presented to the Audit & Finance Committee.

5. Contents of Requests for Proposals RFP.

For all procurements under this Policy that require an RFP, the following shall be included in the solicitation:

- a. Goods being sought or the scope of services desired;
- b. The projected term of the contract;

- c. Criteria to be used in evaluating proposals and the requirements that must be fulfilled;
- d. Schedule of relevant dates;
- e. Insurance requirements;
- f. M/WBE goals; and
- g. Designation of the BUDC representative to whom communications regarding the RFP should be directed.

6. Contents of Requests for Qualifications RFQ

For all procurements under this Policy that require an RFQ, the following information shall be included in the solicitation:

- a. The scope of services desired;
- b. Criteria to be used in evaluating qualifications and the requirements that must be fulfilled;
- c. Insurance requirements, if applicable;
- d. WWBE goals; and
- e. Designation of the BUDC representative to whom communications regarding the RFQ should be directed.

C. Erie County Businesses and Minority & Women Owned Enterprises.

It is the goal of BUDC to provide opportunities for the purchase of goods and services from (i) business enterprises located in Erie County and (ii) certified minority and/or women-owned business enterprises. To that end, BUDC will utilize available lists of M/WBE businesses certified by Erie County and/or State of New York and use its best efforts to solicit proposals from such businesses by notifying them of opportunities to submit proposals for goods or services when practical. In addition, where the procurement of a specific good or service is to be accomplished using funds other than the funds of BUDC or its affiliates, BUDC shall comply with all M/WBE goals and other M/WBE requirements applicable to such funding.

D. Effect on Other Procurement Requirements.

Where the procurement of a specific good or service is to be accomplished using funds other than the funds of BUDC and such funding sources specify different or more restrictive procurement requirements than are provided for in this Policy, the procurement requirements of the funding source will supersede the requirements of this Policy.

In those instances where BUDC is a recipient of federal funds which it uses to pay for goods or services, the procurement provisions set forth in 2 C.F.R. 5200.318 et seq. shall apply, including procurement requirements applicable to goods or services that exceed \$150,000 in value (as such amount is adjusted in accordance with 48 C.F.R., Section 2.101). For procurements using federal funds, BUDC shall include in its contract with the vendor or contractor the applicable contract provisions set forth in Appendix II to Part 200 of Title 2 of the Code of Federal Regulations, or any successor regulation or appendix.

E. Professional Services.

Contracts for professional services involve the application of specialized expertise, the use of professional judgment, or a high degree of creativity. Professional services include services which require special education and/or training, license to practice or are creative in nature. Examples are: lawyers, doctors, accountants, and engineers. Furthermore, professional service contracts often involve a relationship of personal trust and confidence. Procurement of professional services in an amount up to \$25,000 is not subject to the solicitation procedures contained in Sections B(1)(a) and (b) of this Policy, Procurement of professional services in an amount greater than \$25,000 shall be made through a written Request for Proposal (RFP) or a Request for Qualifications (RFQ) process.

F. Procurement of Insurance.

Procurement of Insurance Brokerage services is subject to this Policy as a professional service. Notwithstanding the foregoing, actual insurance policies procured are not subject to the requirements of this Policy.

G. Procurement Lobbying.

BUDC shall follow the applicable provisions of the New York Procurement Lobbying Law (State Finance Law 139-j, 139-k) for any contract or other agreement for an article of procurement involving an estimated annualized expenditure in excess of \$15,000.

H. Reporting Requirements.

Procurements are intended to be made for no greater than the fair market value of the asset procured. In the event circumstances exist in which the acquisition of an asset is made where the contract price to be paid by BUDC exceeds the fair market value of the asset, BUDC shall include in its annual report required by Section 2800(2) of the Public Authorities Law a detailed explanation of the justification for making the purchase and a certification by the President and Chief Financial Officer of BUDC that they have reviewed the terms of the acquisition and determined that it complies with applicable law and this Policy.

1. Approval Thresholds.

The following approval thresholds shall apply to the procurement of all goods and services, except those procurements made under Section B(2)(d) and (e):

1. The President and Executive Vice President of BUDC are each authorized to procure goods and services in an amount up to \$10,000. Prior to procuring such goods or services, the President or Executive Vice President shall confer with the Treasurer to confirm that the proposed expenditure is within budgetary limits. The President or Executive Vice President shall report the procurement of goods and services at the next Board of Directors meeting following the date of procurement.
2. The Audit and Finance Committee, Downtown Committee and Real Estate Committee, as applicable, are each authorized to approve the procurement of goods and services greater than \$10,000, but not in excess of \$25,000. Prior to

procuring such goods or services, the President and applicable committee chair shall confer with the Treasurer to confirm that the proposed expenditure is within budgetary limits. The President or Executive Vice President shall report the procurement of goods and services authorized by the applicable committee at the next BUDC Board of Directors meeting following the date of procurement.

3. The procurement of goods and services in an amount greater than \$25,000 shall require the approval of the BUDC Board of Directors. By resolution, the Board may delegate to BUDC executive staff or a committee of the Board the authority to procure goods or services in an amount greater than \$25,000 without Board approval.

J. Annual Review.

This Policy shall be annually reviewed and approved by BUDC's Board of Directors.

Adopted: July 7, 2009

Amended & Adopted: June 8, 2010

Re-adopted: March 29, 2011

Re-adopted: March 27, 2012

Re-adopted: March 26, 2013

Amended and Adopted: March 31, 2015

Re-adopted: March 29, 2016

Re-adopted: March 28, 2017

Amended & Adopted: March 27, 2018

Re-adopted: March 26, 2019

Re-adopted: March 31, 2020

Re-adopted: March 30, 2021

Re-adopted: March 29, 2022

Re-Adopted March 28, 2023

SCHEDULE A
Procurement Tracking Form

Buffalo Urban Development Corporation
95 Perry Street Buffalo, NY 14203 | Phone: 716-856-6525 | Fax: 716-856-6754

Procurement Tracking Form

Original Solicitation Date: _____ Procurement Category Goods/Services
 Procurement Description : _____ Professional Services

Approving Party (§ I, 1-3): President Executive Vice President BUDC Committee Board of Directors

Vendor Selected: _____

Is Vendor an M/WBE? Yes No If Yes, Specify type: _____ Contract Price: _____

Date Awarded: _____ Source of Funds: _____

If A Procurement Exception Applies, Please Explain (§ B(2)(a-i)):
 (e.g., Emergency, Time Sensitive Opportunity, Sole Source, Single Source, etc.)

Reporting Procedure (§ I, 1-3)

Procurement Report Delivered to: _____ Board of Directors N/A
 Date of Report (Meeting): _____

Quotation/Proposals Received:

| # | Vendor | Type of Solicitation (§B(1)(a-d)) | Amount |
|---|--------|---|--------|
| 1 | | <input type="radio"/> RFP/RFQ/Written Proposal <input type="radio"/> Written <input type="radio"/> Verbal | |
| 2 | | <input type="radio"/> RFP/RFQ/Written Proposal <input type="radio"/> Written <input type="radio"/> Verbal | |
| 3 | | <input type="radio"/> RFP/RFQ/Written Proposal <input type="radio"/> Written <input type="radio"/> Verbal | |
| 4 | | <input type="radio"/> RFP/RFQ/Written Proposal <input type="radio"/> Written <input type="radio"/> Verbal | |
| 5 | | <input type="radio"/> RFP/RFQ/Written Proposal <input type="radio"/> Written <input type="radio"/> Verbal | |
| 6 | | <input type="radio"/> RFP/RFQ/Written Proposal <input type="radio"/> Written <input type="radio"/> Verbal | |

Was Lowest Cost Proposal Selected? Yes No

If No, Please Explain (§ B(3)(a-h)):

[Section ("§") references in this form refer to sections of the BUDC Amended and Restated Procurement Policy] v.1 03/27/2018

BUFFALO URBAN DEVELOPMENT CORPORATION

Procurement Procedures Applicable to the Expenditure of Federal Funds

ARTICLE 1

Scope

1.1 The procurement of goods and services made by Buffalo Urban Development Corporation or any of its affiliates or subsidiaries ("BUDC") involving the expenditure by BUDC of federal funds will be undertaken in accordance with the procurement procedures set forth herein (the "Policy") and the applicable provisions of 2 CFR Sections 200.318 through 200.326. All other procurements (i.e., those made with non-federal funds) shall be made in accordance with the BUDC procurement policy then in effect.

ARTICLE 11

Procurement Standards

2.1 All procurements subject to this Policy are to be undertaken in a manner that provides for full and open competition consistent with the standards set forth in 2 CFR Section 200.319. Regardless of the procurement method utilized, BUDC may only award contracts to responsible contactors or vendors possessing the ability to perform successfully under the terms and conditions of the procurement. Consideration will be given to such matters as contractor/vendor integrity, compliance with public policy, record of past performance and financial and technical resources in awarding contracts.

2.2 Solicitations will contain a clear and accurate description of the technical requirements for the material, product, or service to be procured and will identify all requirements that the bidders must fulfill and all other factors that will be used by BUDC in evaluating bids or proposals. In addition, BUDC will ensure that all solicitations include enough qualified sources to ensure maximum open and free competition.

2.3 In order to ensure objective contractor/vendor performance and eliminate unfair competitive advantages, contractors/vendors that develop or draft specifications, requirements, statements of work, invitations for bids, or requests for proposals will be excluded from competing for such procurements.

2.4 Solicitations will not contain features that unduly restrict competition. Some examples of situations considered under federal regulations to be restrictive of competition include, but are not limited to, the following:

- Placing unreasonable requirements on firms in order for them to qualify to do business with BUDC;
- Requiring unnecessary experience and excessive bonding;

- Non-competitive pricing practices between firms or between affiliated companies;
- Executing non-competitive contracts with consultants that are on retainer contract
- Specifying only a "brand name" product instead of allowing "an equal" product to be offered; and
- Any arbitrary action in the procurement process,

2.5 In undertaking procurements, BUDC shall avoid the acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach to procuring the specific good or service.

2.6 Contracting with Small and Minority Businesses, Women's Business Enterprises and Labor Surplus Area Firms. In accordance with 2 CFR Section 200.321, BUDC will take affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible. These affirmative steps include the following:

- Placing qualified small and minority businesses and women's business enterprises on BUDC's solicitation lists
- Assuring that BUDC solicits small and minority businesses and women's business enterprises whenever they are potential sources;
- When economically feasible, dividing total project requirements into smaller tasks or quantities to permit maximum participation by small and minority businesses and women's business enterprises
- Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses and women's business enterprises;
- Using the services and assistance, as appropriate organizations, such as the Small Business Administration and the Minority Business Development Agency of the United States Department of Commerce; and
- Requiring the prime contractor, if subcontracts are to be let, to take the above affirmative steps.

ARTICLE 111

Methods of Procurement

3.1 Methods. In accordance with 2 CFR Section 200.320, BUDC shall procure goods and services utilizing one of the following methods: (i) micro-purchase procedures; (ii) small purchase procedures; (iii) procurement by competitive proposals; or (iv) procurement by competitive sealed bids. In addition, BUDC may procure goods and services without competition under the circumstances set forth in Section 3.6.

3.2 Micro-purchases (2 CFR Section 200.67). Micro-purchases involve the acquisition of goods or services that in the aggregate, cost no more than the Micro-Purchase Threshold, as such threshold is set forth in 2 CFR Section 200.67 (currently \$10,000). Micro

purchases may be made without soliciting competitive quotations, provided that the BUDC President considers the price to be reasonable, and such determination is documented in the record of procurement.

3.3 Small Purchases (2 CFR Section 200.68) Small purchases involve the acquisition of goods or services that cost no more than the Simplified Acquisition Threshold, as such threshold is set forth in 2 CFR Section 200.68 (currently \$250,000). For small purchases, BUDC will obtain price or rate quotations from an adequate number of qualified sources, which generally will involve soliciting written price or rate quotations from a minimum of two (2) vendors.

3.4 Procurement through Competitive Proposals. As provided in 2 CFR Section 200.320(d), the competitive proposals method of procurement is normally conducted with more than one source submitting an offer and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. When the competitive proposal method is used, the following requirements apply:

- Requests for proposals (RFP) must be publicized and identify all evaluation factors and their relative importance;
- Proposals must be solicited from an adequate number of qualified sources—three proposals will generally be deemed adequate;
- BUDC will utilize a documented method for conducting technical evaluations of the proposals received and for selecting recipients;
- Contracts will be awarded to the responsible firm whose proposal is most advantageous to BUDC, with price and other factors considered.

BUDC may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated, and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. This method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform such services.

3.5 Procurement by Sealed Bids. BUDC may procure goods and services through the use of a competitive sealed bid process. Where sealed bid procurement is used, bids must be publicly solicited with a firm fixed-price contract (lump sum or unit price) to be awarded to the responsible bidder whose bid is the lowest in price while conforming to all material terms and conditions of the solicitation.

3.5.1 Construction Services. As provided in 2 CFR Section 200.320, the competitive sealed bid method of procurement is the preferred method of procuring construction services, if the following conditions apply: (A) a complete, adequate, and realistic specification or purchase description is available; (B) two or more responsible bidders are willing and able to compete effectively for the business; and (C) the procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

Where sealed bids are used, the following requirements apply:

- Bids must be solicited from a sufficient number of known suppliers who are given adequate response time prior to the date set for opening the bids;
- The invitations for bids must define the items or services in order for the bidder to properly respond;
- All bids should be opened at the time and place identified in the invitation for bids;
- A firm fixed price contract will be made in writing to the lowest responsive and responsible bidder; and
- Any or all bids may be rejected if there is a sound documented reason for doing so.
- Bid bonds, performance bonds and payment bonds are required as provided in 2 CFR Section 200.325.

3.6 Procurements without Competition. BUDC may procure goods or services without competition when one or more of the following circumstances apply:

- The good or service being procured is available only from a sole source;
- The public exigency or emergency nature of the procurement will not permit a delay resulting from a competitive solicitation;
- The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from BUDC; or
- After solicitation of a number of sources, competition is determined by BUDC to be inadequate

ARTICLE IV

Contracts: Incorporation of Federal Contract Provisions

4.1 All contracts entered into by BUDC shall contain the applicable provisions set forth in Appendix II to 2 CFR Part 200, or any successor regulation or appendix. BUDC shall undertake such cost or price analysis as may be required in accordance with 2 CFR Section 200.323. Time and materials contracts are discouraged and shall be utilized only in compliance with the provisions of 2 CFR 200.318(j)(i)

ARTICLE V

Records of Procurement Transactions

5.1 BUDC will maintain records of all procurements made pursuant to this Policy. Such records shall include, at a minimum, a written report with relevant source documents setting forth the rationale for the method of procurement selected, the type of contact, the basis

for contactor selection or rejection, and the basis for the contact price. Source documents for purposes of this Article shall include receipts, purchase orders, invoices, RFP/RFQ data and bid documents. These documents will be maintained for such period of time as the federal award or sub-grant requires, or if no such period is specified, in accordance with BUDC records retention policies.

ARTICLE VI

Conflicts of Interest

6.1 No employee, director, officer or agent of BUDC may participate in the selection, award or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, director, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. If the event that a conflict of interest, real or apparent, exists, the employee, director officer, or agent of BUDC shall notify the appropriate official(s) of BUDC, and such conflict of interest shall be processed in accordance with the provisions of the BUDC Code of Ethics.

6.2 No employee, director, officer or agent of BUDC shall solicit or accept gratuities, favors, or anything of monetary value from current or prospective consultants, contractors, vendors in connection with any federal procurements made under this Policy, For purposes of this Section, "gratuities, favors, or anything of monetary value" shall include money, services, loans, travel, entertainment, hospitality or any financial transaction on terms not available to the general public, but shall not include normal hospitality or promotional materials if such hospitality or materials do not exceed \$100.00 in value and are not received in circumstances in which it might reasonably be inferred that they were given with intention to influence or reward an employee, director, officer or agent of BUDC in relation to the performance of their duties.

6.3 Any BUDC employee, director, officer, or agent who knowingly and deliberately violates the provisions of this Article may be subject to disciplinary action up to and including termination or employment or removal from the board or office. Any contractor or potential contractor who knowingly and deliberately violates these provisions will be barred from future transactions with BUDC.

ARTICLE VII

Contract Approval Thresholds

7.1 The approval thresholds set forth in Section (I) of the BUDC Procurement Policy shall be applicable to the procurement of all goods and services made under this Policy, other than emergency procurements made pursuant to Section 3.6.

ARTICLE VIII

Amendments

This Policy may be amended from time to time by the BUDC Board of Directors

Adopted: October 27, 2020

Re-adopted: March 30, 2021

Re-adopted: March 29, 2022

Re-adopted: March 28, 2023

BUFFALO URBAN DEVELOPMENT CORPORATION

Property Acquisition Policy

Section 2824(1)(e) of the Public Authorities Law requires local authorities to adopt a written policy governing the acquisition of real property. The following policy (“Policy”) is hereby adopted pursuant to such requirement and shall be applicable with respect to the acquisition of real property and any interests therein (“Real Property”) by the Buffalo Urban Development Corporation (“BUDC”) or by any subsidiary or affiliated company of BUDC.

A. Acquisition of Real Property

Real Property may be acquired by BUDC for use, development, resale, leasing or other uses designated by BUDC. BUDC may lease Real Property for use, subleasing or other uses designated by BUDC.

The purpose of each acquisition of Real Property shall be to further one or more purposes of BUDC under its Certificate of Incorporation, by-laws or a resolution adopted by the BUDC Board of Directors, its mission statement, or for a purpose otherwise permitted under Section 1411 of the New York State Not-for-Profit Corporation Law.

Prior to each acquisition of Real Property, BUDC will conduct such due diligence as it deems appropriate in accordance with the particular circumstances of the proposed acquisition. Such due diligence may include, but is not limited to, Real Property appraisals and review and investigation of environmental, structural, title, pricing and other applicable matters.

B. Approval of Real Property Acquisitions

All acquisitions of Real Property shall be conducted in accordance with this Policy and applicable law. Proposed acquisitions of Real Property shall be presented to the BUDC Real Estate Committee for consideration, and if approved or forwarded without approval by said committee, shall be submitted to the BUDC Board of Directors for approval or other appropriate action.

C. Fair Market Value

Acquisitions of Real Property are intended to be made for no greater than the fair market value of the Real Property. In the event circumstances exist in which an acquisition of Real Property is made where the contract price to be paid by BUDC exceeds the fair market value of the Real Property, BUDC shall include in its annual report required by Section 2800(2) of the Public Authorities Law a detailed explanation of the justification for making the purchase without competitive bidding and a certification by the President and Chief Financial Officer of BUDC that they have reviewed the terms of the acquisition and determined that it complies with applicable law and BUDC’s procurement policy.

D. Effective Date

This policy shall be effective upon the affirmative vote of the Board of Directors of the Corporation and may be amended upon affirmative vote of a majority of the Board of Directors.

Effective Date: June 5, 2007

Amended: June 8, 2010

Re-Adopted: 3/29/2022

Re-Adopted: 3/28/2023

BUFFALO URBAN DEVELOPMENT CORPORATION

Property Disposition Guidelines

The Buffalo Urban Development Corporation (“BUDC”) is required by Section 2896 of the Public Authorities Law to adopt by resolution comprehensive guidelines regarding the use, awarding, monitoring and reporting of contracts for the disposal of Property (as defined herein). The following guidelines (the “Guidelines”) are adopted pursuant to such requirement and are applicable with respect to the use, awarding, monitoring and reporting of all Property Disposition Contracts which are (i) entered into by BUDC or (ii) solicited or awarded by BUDC on behalf of any subsidiary of BUDC (a “BUDC Subsidiary”).

ARTICLE I **DEFINITIONS**

1. “Contracting Officer” shall mean the officer of BUDC who shall be appointed by resolution of the Board of Directors of BUDC to be responsible for the disposition of Property.
2. “Dispose” or “disposal” or “disposition” shall mean the transfer of title or any other beneficial interest in Property from BUDC or a BUDC Subsidiary to any unrelated third party.
3. “Property” shall mean personal property in excess of Five Thousand Dollars (\$5,000.00) in value, real property, or any other legally transferable interest in such property, to the extent that such interest may be conveyed to another person for any purpose, excluding an interest securing a loan or other financial obligation of another party.
4. “Property Disposition Contracts” shall mean written agreements for the sale, lease, transfer or other disposition of Property from BUDC or a BUDC Subsidiary to any unrelated third party.
5. “Real Property” shall mean real property and interests therein.

ARTICLE II **APPOINTMENT AND DUTIES OF CONTRACTING OFFICER**

A. Appointment

The Contracting Officer shall be an officer of BUDC appointed by the Board of Directors who is responsible for the supervision and direction over the custody, control and disposition of Property and responsible for BUDC’s compliance with and enforcement of these Guidelines. The Executive Vice President of BUDC shall be the Contracting Officer for purposes of these Guidelines.

B. Duties

The duties of the Contracting Officer shall include the following:

1. Maintaining adequate inventory controls and accountability systems for all Property under BUDC's control.
2. Periodically conducting an inventory of Property to determine which Property may be disposed of.
3. Preparing an annual written report of all Property. Each report shall include a list of all Real Property, a full description of all real and personal property disposed of during the reporting period, the price received and the name of the purchaser for all Property sold during each reporting period. Each report shall be completed and delivered to the New York State Comptroller, the Director of the Budget, the Commissioner of General Services, and the New York State Legislature no later than ninety (90) days following the completion of BUDC's fiscal year.
4. Disposing of Property as promptly as possible in accordance with these Guidelines, as directed by BUDC.

ARTICLE III
PROPERTY DISPOSITION REQUIREMENTS

A. Method of Disposition

1. Subject to such exceptions and/or requirements set forth in these Guidelines, in the event that BUDC or a BUDC Subsidiary determines to dispose of any of its Property, BUDC shall endeavor to dispose of such Property for at least the fair market value of the Property. The disposition of Property may be made by sale, exchange, or transfer, for cash, credit or other Property, with or without warranty, and upon such terms and conditions as are determined by BUDC to be appropriate and reasonable and consistent with these Guidelines.
2. No disposition of Real Property, or any interest in Real Property, may be made unless an appraisal of the value of such Real Property has been made by an independent appraiser and included in the record of the transaction. In addition, no disposition of any personal property, which because of its unique nature or the unique circumstances of the proposed transaction is not readily valued with reference to an active market for similar property, shall be made without an independent appraisal.

B. Award and Approval of Property Disposition Contracts

1. Compliance with Guidelines: Approval Requirements. All dispositions of Property shall be conducted in accordance with these Guidelines by or under the supervision of the Contracting Officer. Any proposed dispositions of real property shall be presented to the BUDC Real Estate Committee for consideration, and if approved by said committee, shall be submitted to the BUDC Board of Directors for approval or other appropriate action.

2. Disposition by Public Bid.

(a) All Property Disposition Contracts may be made only after publicly advertising for bids, unless the criteria set forth in Article III(B)(3) below has been satisfied for such contracts to be made by negotiation or public auction.

(b) Whenever public advertising for bids is required, (i) the advertisement for bids shall be made at such time prior to the disposal or contract, through such methods, and on such terms and conditions, as shall permit full and free competition consistent with the value and nature of the Property; (ii) all bids shall be publicly disclosed at the time and place stated in the advertisement; and (iii) the award shall be made with reasonable promptness by notice to the responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to BUDC and New York State, price and other factors considered.

(c) Any public bid for the disposition of Property may be rejected, refused, or declined by BUDC or the Contracting Officer on any basis or ground allowable at law.

3. Disposition by Negotiated Sale/Public Auction. The following dispositions are exempt and excepted from the public bidding requirements set forth above in Article III(B)(2) and may be consummated through a negotiated sale or by public auction:

(a) Below Market Dispositions. BUDC may dispose of Property for less than the fair market value of the Property under the circumstances set forth in Article III(B)(5) of these Guidelines.

(b) Disposition of Certain Personal Property. BUDC may dispose of personal property where such personal property has qualities separate from the utilitarian purpose of such property, such as artistic quality, antiquity, historical significance, rarity, or other quality or similar effect, that would tend to increase its value, or if the personal property is to be sold in such quantity that, if it were disposed of through public advertisement and bidding, would adversely affect the state or local market for such property, and the estimated fair market value of such property and other satisfactory terms of disposal can be obtained by negotiation.

(c) Disposition of Low FMV Property. BUDC may dispose of Property the fair market value of which does not exceed Fifteen Thousand Dollars (\$15,000.00).

(d) Disposition Following Receipt of Unacceptable Bid Prices. BUDC may dispose of Property where the bid prices received by BUDC after public advertising are not commercially reasonable (either as to all or some part of the Property) as determined by BUDC in its sole discretion.

(e) Disposition to New York State. BUDC may dispose of Property to New York State or any political subdivision of New York State.

(f) Disposition Authorized by Law. BUDC may dispose of Property where such disposition is otherwise authorized by law.

4. Reporting Requirements Regarding Negotiated Dispositions.

(a) *Preparation of Written Statements.* The Contracting Officer shall prepare a written statement explaining the circumstances of each negotiated disposition of Property involving any of the following:

(i) the negotiated disposition of personal property which has an estimated fair market value in excess of Fifteen Thousand Dollars (\$15,000.00);

(ii) the negotiated disposition of Real Property that has an estimated fair market value in excess of One Hundred Thousand Dollars (\$100,000.00);

(iii) the negotiated disposition of Real Property that will be disposed of by lease, if the estimated annual rent over the term of the lease is in excess of Fifteen Thousand Dollars (\$15,000.00); or

(iv) the negotiated disposition of Real Property or real and related personal property where the same will be disposed of by exchange, regardless of value, or any Property any part of the consideration for which is Real Property.

(b) *Submission of Written Statements.* Written statements prepared pursuant to Article III(B)(4) shall be submitted to the New York State Comptroller, the Director of the Budget, the Commissioner of General Services, and the State Legislature no later than ninety (90) days prior to the date on which the disposition of Property is expected to take place. The Contracting Officer shall maintain a copy of all written statements at BUDC's principal office.

5. Disposal of Property for Less Than Fair Market Value.

(a) No asset owned, leased or otherwise in the control of BUDC may be sold, leased or otherwise alienated for less than its fair market value unless such disposition meets one of the following requirements:

(i) The transferee is a government or other public entity, and the terms and conditions of the disposition require that ownership and use of the asset will remain with the government or any other public entity.

(ii) The purpose of the disposition is within BUDC's corporate purpose, mission, or its governing statute.

(b) In the event that BUDC seeks to dispose of an asset for less than its fair market value and neither of the circumstances set forth in Section 5(a)(i) and (ii) are applicable, then BUDC shall provide written notification of the proposed disposition to the Governor, the Speaker of the Assembly and the temporary President of the Senate, and such proposed disposition shall be subject to approval or denial by the Governor, the Senate or the Assembly in accordance with the provisions set forth in the Section 2897 (7) of the Public Authorities Law.

(c) In the event a below fair market value disposition is proposed, the following information shall be provided to the BUDC Board of Directors and to the public:

(i) A full description of the asset;

(ii) An appraisal of the fair market value of the asset and any other information establishing the fair market value that may be sought by the Board;

(iii) A description of the purpose of the disposition and a reasonable statement of the kind and amount of the benefit to the public resulting from the disposition, including but not limited to the kind, number, location, wages, or salaries of jobs created or preserved as required by the disposition, the benefits, if any, to the communities in which the asset is situated as are required by the disposition;

(iv) A statement of the value to be received compared to the fair market value;

(v) The names of any private parties participating in the disposition, and if different than the statement required by paragraph (iv) above, a statement of the value to the private party; and

(vi) The names of other private parties who have made an offer for such asset, the value offered, and the purpose for which the asset was sought to be used.

(d) Before authorizing the disposition of any property for less than fair market value, the BUDC Board of Directors shall consider the information described in 5(c) above and make a written determination that there is no reasonable alternative to the proposed below market disposition that would achieve the same purpose as the proposed disposition.

ARTICLE IV **GENERAL PROVISIONS**

A. Annual Review and Submission of Guidelines

These Guidelines shall be annually reviewed and approved by the BUDC Board of Directors. On or before the 31st day of March of each year, BUDC shall file with the New York State Comptroller a copy of the most recently reviewed and adopted guidelines, including the name of the Contracting Officer, and shall post the Guidelines on BUDC's website. Guidelines posted on BUDC's website shall be maintained at least until the Guidelines for the following year are posted on BUDC's website.

B. Effect of Awarded Contracts

These Guidelines are intended for the guidance of the officers, directors and employees of BUDC and its Subsidiaries only. Nothing contained herein is intended or shall be construed to confer upon any person, firm or corporation any right, remedy, claim or benefit under, or by reason of, any requirement or provision hereof, or be deemed to alter, affect the validity of, modify the terms of or impair any contract or agreement made or entered into in violation of, or without compliance with, these Guidelines. Without limiting the generality of the preceding sentence, any deed, bill of sale, lease, or other instrument

executed by or on behalf of BUDC or a BUDC Subsidiary, purporting to transfer title or any other interest in Property shall be conclusive evidence of compliance with these Guidelines insofar as concerns title or other interest of any bona fide grantee or transferee who has given valuable consideration for such title or other interest and has not received actual or constructive notice of lack of compliance with these Guidelines prior to the closing.

C. **Effective Date; Amendments.**

These Guidelines shall be effective upon the affirmative vote of the Board of Directors of the Corporation and may be amended upon affirmative vote of a majority of the Board of Directors.

Effective Date: November 30, 2006

Amended: March 2, 2010

Re-Adopted: March 29, 2011

Re-Adopted: March 27, 2012

Re-adopted: February 26, 2013

Re-adopted: February 25, 2014

Re-adopted: March 31, 2015

Re-adopted: March 29, 2016

Re-adopted: March 28, 2017

Re-adopted: March 27, 2018

Re-adopted: March 26, 2019

Re-adopted; March 31, 2020

Re-adopted: March 30, 2021

Re-adopted: March 29, 2022

Re-adopted March 28, 2023

BUFFALO URBAN DEVELOPMENT CORPORATION

GRANT ADMINISTRATION POLICY

A. Purpose.

This grant administration policy (the “Grant Administration Policy”) sets forth the requirements and procedures for the application, acceptance and administration of grant funding by Buffalo Urban Development Corporation or any of its subsidiary or affiliated companies (hereinafter “BUDC”).

B. Grant Application Procedures (Pre-Award).

1. Pre-Application Assessment.

BUDC staff is responsible for conducting a pre-application assessment in connection with potential grant funding. When pursuing grant funding opportunities, BUDC staff shall consider the following factors:

- a. Alignment with BUDC’s mission and purpose;
- b. Alignment with current or anticipated BUDC projects;
- c. Matching fund requirements, if any;
- d. Whether the grant funding includes a component that will pay or reimburse BUDC for administering the grant;
- e. Potential costs incurred by BUDC as a result of implementing the grant funding award; and
- f. Staffing capacity to administer the grant.

2. Application Submission.

Prior to submission of a grant application, the BUDC staff member(s) completing the application will ensure that the pre-application assessment factors noted in Section B(1) above have been evaluated and documented on the Pre-Application Grant Assessment, the form of which is attached hereto as Schedule A and made a part hereof. BUDC will retain a copy of the Pre-Application Grant Assessment in its file.

C. Grant Acceptance Procedures.

Upon BUDC’s receipt of a grant award, BUDC staff shall review the grant award notification and any grant agreements received and forward a copy of the same to BUDC legal

counsel. If a grant award contains matching fund requirements that were not previously budgeted for, BUDC staff will follow the procedures for acceptance outlined in Section C(1). For all other grant awards, BUDC staff will follow the applicable procedure outlined in Section C(2).

1. Grants Requiring Matching Funds.

The approval of the BUDC Board of Directors (the “Board”) shall be required for any grant award that contains a matching fund requirement.

2. Approval Thresholds for Grant Awards Without Matching Fund Requirements.

- a. The BUDC President and Executive Vice President are each authorized to accept grant awards on behalf of BUDC in an amount up to \$500,000 and to execute the applicable grant agreements. The President or Executive Vice President will report the acceptance of the grant award at the next BUDC Board meeting following the date of acceptance.
- b. The Audit & Finance Committee, Downtown Committee, and Real Estate Committee, as applicable, are each authorized to approve, on behalf of BUDC, the acceptance of grant awards greater than \$500,000 but not in excess of \$1,000,000. The President or Executive Vice President shall report the applicable committee’s acceptance of the grant award at the next BUDC Board meeting following the date of acceptance.
- c. The approval of the BUDC Board shall be required for grant funds greater than \$1,000,000.

D. Grant Administration.

Following the acceptance of grant funds in accordance with Section C, BUDC staff shall implement applicable mechanisms for compliance with any grant agreement requirements, including reporting obligations, recordkeeping, and monitoring.

BUDC staff should also identify whether the pass through of a grant award and its obligations is to be implemented through the execution of a subgrant agreement. Should a subgrant agreement be necessary, BUDC staff will seek authorization for entering into a subgrant agreement in accordance with the approval thresholds outlined in Section C.

E. Procedure for Receipt and Management of Individual Donations.

BUDC, as a 501(c)(3), tax-exempt organization is authorized to accept donations from individuals and entities. BUDC will not accept any donations that: (i) are for purposes outside of BUDC’s mission and purpose; (ii) is not permitted by any applicable law; (iii) would result in BUDC violating its Certificate of Incorporation, Bylaws, or any policy or procedure applicable to BUDC; (iv) would result in the potential revocation of its status as a 501(c)(3) tax-exempt organization; (v) would be too difficult or expensive to administer in relation to their value; or (vi)

would result in any other unacceptable consequence. Decisions regarding the acceptance or refusal of a donation shall be made by the President or Executive Vice President, in consultation with the Chair of the Audit & Finance Committee or the relevant BUDC committee Chair if there is a stated purpose to the donation.

BUDC shall maintain a record of any donations received, including the identity of such donors and will disclose the receipt of any donations to the Audit & Finance Committee and Board on a periodic basis.

F. Effective Date; Amendments.

This Grant Administration Policy shall be effective as of the date that the Board approves the policy by affirmative vote of a majority of the Board and may be amended upon the affirmative vote of a majority of the Board.

Adopted: September, 2022

Re-adopted: March, 2023

Schedule A

Pre-Application Grant Assessment Form

See attached.

Buffalo Urban Development Corporation

Pre-Application Grant Assessment Form

Completed By: _____

Grant Name: _____

Associated BUDC Project: _____ Project Partner(s): _____

Description of Grant (including potential funding amount and grant source):

Does the Grant Contain a matching fund requirement? If yes, please describe. _____

Briefly describe how the Grant aligns with BUDC's mission and purpose and any current or future BUDC Projects:

Will the Grant, if awarded, require additional staffing or other in-kind services from BUDC? If yes, please describe.

What costs incurred by BUDC will the Grant, if awarded, cover and not cover?

If awarded, what impact will the Grant have on current BUDC staffing?

BUFFALO URBAN DEVELOPMENT CORPORATION

CODE OF ETHICS

This Code of Ethics is adopted in accordance with Section 2824 of the Public Authorities Law and applies to all directors, officers and employees of the Buffalo Urban Development Corporation, its affiliated entities, and any other affiliated entities that may hereafter be established by BUDC (hereinafter collectively referred to as "BUDC").

This Code of Ethics shall serve as a guide for official conduct and is intended to enhance the ethical and professional performance of BUDC's directors, officers and employees and to preserve public confidence in BUDC's mission.

ARTICLE I

Standards of Conduct

1. No director, officer or employee of BUDC should accept other employment which will impair his or her independence of judgment in the exercise of his or her official duties.
2. No director, officer or employee of BUDC should accept employment or engage in any business or professional activity which will require him or her to disclose confidential information which he or she has gained by reason of his or her official position or authority.
3. No director, officer or employee of BUDC should disclose confidential information acquired by him or her in the course of his or her official duties nor use such information to further his or her personal interests.
4. No director, officer or employee of BUDC should use or attempt to use his or her official position to secure unwarranted privileges or exemptions for himself or herself or for others.
5. No director, officer or employee of BUDC should engage in any transaction as representative or agent of BUDC with any business entity in which he or she has a direct or indirect financial interest that might reasonably tend to conflict with the proper discharge of his or her official duties.
6. No director, officer or employee of BUDC should by his or her conduct give reasonable basis for the impression that any person can improperly influence him or her or unduly enjoy his or her favor in the performance of his or her official duties, or that he or she is affected by the kinship, rank, position or influence of any party or person.
7. Each director, officer and employee of BUDC should abstain from making personal investments in enterprises which he or she has reason to believe may be directly involved in decisions to be made by him or her or which will otherwise create substantial conflict between his or her duty in the public interest and his or her private interest.

8. Each director, officer or employee of BUDC should endeavor to pursue a course of conduct which will not raise suspicion among the public that he or she is likely to be engaged in acts that are in violation of his or her trust.

ARTICLE II Conflicts of Interest

1. Purpose. The purpose of this Article is to protect BUDC when it is considering entering into a transaction or arrangement that might benefit the private interest of a Related Party, and to set forth procedures for handling potential or actual Conflicts of Interest and Related Party Transactions.

2. Definitions.

“Conflict of Interest.” A Conflict of Interest exists if an outside interest or activity influences (or reasonably appears to influence) the ability of an individual to exercise objectivity, impairs the individual’s ability or independence in fulfilling his or her duties to BUDC or reasonably tends to conflict with the proper discharge of his or her duties to BUDC.

“Financial Interest.” An individual has a Financial Interest if the individual has, directly or indirectly, through business, investment, or a Relative:

- (i) An ownership or investment interest in any entity with which BUDC has a transaction or arrangement;
- (ii) A compensation arrangement with BUDC or with any entity or individual with which BUDC has a transaction or arrangement; or
- (iii) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which BUDC is negotiating a transaction or arrangement.

“Key Person” means any person, other than a director or officer, whether or not an employee of BUDC, who: (i) has responsibilities, or exercises powers or influence over BUDC as a whole similar to the responsibilities, powers, or influence of directors and officers; (ii) manages BUDC, or a segment of BUDC that represents a substantial portion of the activities, assets, income or expenses of BUDC; or (iii) alone or with others controls or determines a substantial portion of BUDC’s capital expenditures or operating budget.

“Related Party” means: (i) any director, officer or Key Person of BUDC or any affiliate of BUDC; (ii) any Relative of any director, officer or Key Person of BUDC or any affiliate of BUDC; or (iii) any entity in which an individual described in clauses (i) or (ii) of this paragraph has a thirty five percent (35%) or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of five percent (5%).

“Related Party Transaction” means any transaction, agreement or any other arrangement in which a Related Party has a Financial Interest and in which BUDC or any affiliate of BUDC is a participant, except that a transaction shall not be a Related Party Transaction if: (i) the transaction or the Related Party’s Financial Interest in the transaction is de minimis, or (ii) the transaction would not

customarily be reviewed by the BUDC Board of Directors or boards of similar organizations in the ordinary course of business and is available to others on the same or similar terms.

“Relative” of an individual means his or her (i) spouse, domestic partner, ancestors, brothers and sisters (whether whole or half-blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren.

3. Procedures for Disclosure and Resolution of Conflicts of Interest.

(a) Promptly upon learning of the existence of an actual or potential Conflict of Interest and/or Related Party Transaction, the individual (the “Interested Person”) shall disclose the matter and his or her Financial Interest, if applicable. Disclosure shall be made orally at a meeting of the Board or any committee thereof, or by written or electronic communication to the BUDC Ethics Officer or BUDC legal counsel.

(i) If disclosure is made at a meeting of the Board, the Board shall: (A) determine whether a Conflict of Interest and/or Related Party Transaction exists; or (B) direct the matter to the BUDC Governance Committee for such determination.

(ii) If disclosure is made at a meeting of any BUDC committee or to the BUDC Ethics Officer or BUDC legal counsel, the matter will be referred to the Governance Committee for determination of whether a Conflict of Interest and/or Related Party Transaction exists.

(b) The Interested Person shall, at the request of the Board or the Governance Committee, as applicable, explain the circumstances of the actual or potential Conflict of Interest and/or Related Party Transaction. The Interested Person shall not, however, be present at, participate in, or attempt to influence the Board or Governance Committee deliberation or vote regarding whether a Conflict of Interest and/or Related Party Transaction exists.

(i) If the Board or the Governance Committee, as applicable, determines that the agreement, transaction or arrangement is a Related Party Transaction, then the Board or the Governance Committee shall follow the procedures for Related Party Transactions set forth in Section 4 of this Article.

(ii) If the Board or the Governance Committee, as applicable, determines that a Conflict of Interest exists, but the agreement, transaction or arrangement does not constitute a Related Party Transaction, then the Board or the Governance Committee may proceed with its consideration of the transaction, provided however, that the Interested Person shall abstain from deliberation and voting regarding the transaction.

(iii) If the Board or the Governance Committee, as applicable, determines that a Conflict of Interest does not exist, then the Board or the Governance Committee may proceed with its consideration of the transaction, and the Interested Person may participate in the deliberation and voting regarding the transaction.

(iv) The existence and resolution of the potential Conflict of Interest and/or Related Party

Transaction shall be documented in the minutes of the meeting(s) at which the matter was discussed and voted upon.

4. Related Party Transactions.

(a) BUDC may enter into a Related Party Transaction only if the Board or the Governance Committee determines that the transaction is fair, reasonable and in BUDC's best interest at the time of such determination (such determination shall be

documented in the minutes of the meeting at which the Related Party Transaction was approved); provided, however, that prior to entering into the transaction, the Board or the Governance Committee shall consider alternatives to the extent available.

(b) Related Party Transactions shall be approved by not less than a majority vote of the Board or the Governance Committee, as applicable (not counting the Interested Person for purposes of voting or quorum). The Board or Governance Committee shall contemporaneously document in the meeting minutes the basis for approval, including its consideration of alternative transactions.

5. Annual Disclosure. Prior to the initial election of any director or officer, and annually thereafter, he or she shall complete, sign and submit to the Secretary a written statement identifying, to the best of his or her knowledge, any entity of which he or she is an officer, director, trustee, member, owner (either as a sole proprietor or as partner), or employee, and with which BUDC has a relationship, and any transaction in which he or she might have a conflicting interest. Compliance with the financial disclosure requirements of the City of Buffalo, if so applicable, shall be deemed compliance with the requirements of this Section.

ARTICLE III

Ethics Officer

The Executive Vice President of BUDC shall serve as the Ethics Officer. In the event of a vacancy, the BUDC Governance Committee Chair shall serve as the Ethics Officer until such time as the BUDC Board appoints a successor.

The Ethics Officer shall report to the Board. The Ethics Officer shall have the duties set forth below, and such other duties as may be prescribed by the Board:

1. Advise in confidence each director, officer or employee of BUDC who seeks guidance regarding ethical behavior.
2. Receive and investigate complaints about possible violations of this Code of Ethics.
3. Dismiss complaints found to be without substance.
4. Prepare investigative reports of his or her findings to be submitted for action by the Chair or the Board.

ARTICLE IV
Reporting Unethical Behavior; Whistleblower Policy

In accordance with Title 12 of Article 9 of the Public Authorities Law, BUDC has adopted a Whistleblower Policy to afford certain protections to individuals who, in good faith, report violations of the Code of Ethics or other instances of potential wrongdoing within BUDC. The Whistleblower Policy provides BUDC directors, officers, and employees with a confidential means to report credible allegations of misconduct, wrongdoing, or unethical behavior and to protect those individuals, when acting in good faith, from personal or professional retaliation. Any director, officer or employee who seeks to report a violation of the Code of Ethics or other instances of potential wrongdoing should utilize the reporting procedures set forth in the Whistleblower Policy.

ARTICLE V
Implementation; Annual Review

This Code of Ethics shall be provided to all directors, officers and employees of BUDC upon commencement of employment or appointment and shall be reviewed annually by BUDC's Governance Committee.

Approved and Adopted: 6-2-2009

Reviewed by Governance Committee: 5-24-2010

Re-Adopted: 3-29-2011

Amended and Adopted: 3-27-2012

Re-adopted: 2-26-2013

Re-adopted: 2-25-2014

Amended and Adopted: 3-31-2015

Re-adopted: 3-29-2016

Amended and Adopted: 3-28-2017

Reviewed: 3-5-2018 (Governance Committee of the Board of Directors)

Reviewed: 3-13-2019 (Governance Committee of the Board of Directors)

Reviewed: 3-16-2020 (Governance Committee of the Board of Directors)

Reviewed: 3-4-2021 (Governance Committee of the Board of Directors)

Reviewed: 3-8-2022 (Governance Committee of the Board of Directors)

Re-Adopted: 3/29/2022

Reviewed: 3/14/2023 (Governance Committee of the Board of Directors)

Re-Adopted: 3/28/2023

**BUFFALO URBAN DEVELOPMENT CORPORATION (“BUDC”)
WHISTLEBLOWER POLICY**

I. Introduction

- a. **Applicability:** This Whistleblower Policy (“Policy”) shall apply to the Buffalo Urban Development Corporation (“BUDC”), its existing affiliates and any other affiliated entities that may hereafter be established by BUDC (hereinafter collectively referred to as the “Corporation”) upon approval by the Board of Directors of the Corporation.
- b. **Scope:** In accordance with Title 12 of Article 9 of the Public Authorities Law, the Corporation is required to adopt a policy to protect individuals who, in good faith, report violations of the Corporation’s Code of Ethics or other instances of potential wrongdoing within the Corporation.
- c. **Purpose:** This Policy provides directors, officers and employees of the Corporation with a confidential means to report credible allegations of misconduct, wrongdoing, or unethical behavior and to protect those individuals, when acting in good faith, from personal or professional retaliation.

II. Definitions

- a. **“Corporation Employee”:** All directors and officers of the Corporation, and all staff employed by the Corporation, whether employed full-time or part-time, employed pursuant to a contract, employed temporarily, or employed on a probationary basis.
- b. **“Good Faith”:** Information concerning potential Wrongdoing is disclosed in “good faith” when the individual making the disclosure reasonably believes such information to be true and reasonably believes that it constitutes potential Wrongdoing.
- c. **“Personnel Action”:** Any action affecting compensation, appointment, promotion, transfer, assignment, reassignment, reinstatement or evaluation of performance.
- d. **“Whistleblower”:** Any Corporation Employee who in good faith discloses information concerning Wrongdoing by another Corporation Employee, or concerning the business of the Corporation itself.
- e. **“Wrongdoing”:** Any alleged corruption, fraud, criminal or unethical activity, misconduct, waste, conflict of interest, intentional reporting of false or misleading information, or abuse of authority engaged in by a Corporation Employee that relates to the Corporation.

III: Reporting Wrongdoing

All Corporation Employees who discover or have knowledge of potential Wrongdoing concerning directors, officers or employees of the Corporation; or a person having business dealings with the Corporation; or concerning the Corporation itself, shall report such activity in accordance with the following procedures:

- a. The Corporation Employee shall disclose any information concerning Wrongdoing either orally or in a written report to his or her supervisor, or to the Corporation's ethics officer, general counsel, or human resources representative.
- b. A Corporation Employee who discovers or has knowledge of Wrongdoing shall report such Wrongdoing in a prompt and timely manner.
- c. The identity of the Whistleblower and the substance of his or her allegations will be kept confidential to the best extent possible.
- d. The individual to whom the potential Wrongdoing is reported shall investigate and handle the claim in a timely and reasonable manner, which may include referring such information to the Authorities Budget Office or an appropriate law enforcement agency where applicable.
- e. Should a Corporation Employee believe in good faith that disclosing information within the Corporation pursuant to Section III(a) above would likely subject him or her to adverse Personnel Action or be wholly ineffective, the Corporation Employee may instead disclose the information to the Authorities Budget Office or to an appropriate law enforcement agency, if applicable. The Authorities Budget Office's toll free number (1-800-560-1770) should be used in such circumstances.

IV: No Retaliation or Interference

No Corporation Employee shall retaliate against any Whistleblower for the disclosure of potential Wrongdoing, whether through threat, coercion, or abuse of authority; and, no Corporation Employee shall interfere with the right of any other Corporation Employee by any improper means aimed at deterring disclosure of potential Wrongdoing. Any attempts at retaliation or interference are strictly prohibited, and:

- a. No Corporation Employee who, in good faith, discloses potential violations of the Corporation's Code of Ethics or other instances of potential Wrongdoing shall suffer harassment, retaliation or adverse Personnel Action.
- b. All allegations of retaliation against a Whistleblower or interference with an individual seeking to disclose potential Wrongdoing will be investigated by the Corporation.
- c. Any Corporation Employee who retaliates against or attempts to interfere with any individual for having in good faith disclosed potential violations of the Corporation's

Code of Ethics or other instances of potential Wrongdoing is subject to disciplinary action, which may include termination of employment.

- d. Any allegation of retaliation or interference will be taken and treated seriously and, irrespective of the outcome of the initial complaint, will be treated as a separate matter.

V: Other Legal Rights Not Impaired

This Policy is not intended to limit, diminish or impair any other rights or remedies that an individual may have under the law with respect to disclosing potential wrongdoing free from retaliation or adverse personnel action, including without limitation the whistleblower protections provided under Civil Service Law §75-b, Labor Law § 740, State Finance Law § 191 (commonly known as the “False Claims Act”), and Executive Law § 55(1). BUDC shall comply with all such provisions as applicable, including the posting of any notice required pursuant to Labor Law § 740, as amended effective January 26, 2022.

VI. Implementation

This Whistleblower Policy shall be provided to all directors, officers, and employees of the Corporation and shall be reviewed annually by the Corporation’s Governance Committee.

Approved and Adopted: March 27, 2012

Re-adopted: February 26, 2013

Re-adopted: February 25, 2014

Re-adopted: March 31, 2015

Re-adopted: March 29, 2016

Re-adopted: March 28, 2017

Reviewed: March 5, 2018 (Governance Committee of the Board of Directors)

Reviewed: March 13, 2019 (Governance Committee of the Board of Directors)

Reviewed: March 16, 2020 (Governance Committee of the Board of Directors)

Reviewed: March 4, 2021 (Governance Committee of the Board of Directors)

Reviewed: March 8, 2022 (Governance Committee of the Board of Directors)

Reviewed: March 13, 2023 (Governance Committee of the Board of Directors)

Re-adopted: March 28, 2023

Buffalo Urban Development Corporation (“BUDC”) and Affiliates

Travel, Conferences, Meals and Entertainment Policy

Objective:

The purpose of this Travel, Conferences, Meals and Entertainment Policy (Policy) is to outline the policies and procedures the Buffalo Urban Development Corporation will follow with respect to these and other related expenditures in accordance with Section 2824 of the Public Authorities Accountability Act of 2005.

Applicability:

This policy shall apply to the Buffalo Urban Development Corporation (“BUDC”) and any other affiliated entities that may be established by BUDC upon approval by the Board of Directors of the Corporation. This policy shall apply to every director, member, officer and employee of the Corporation.

General Guidelines:

It is the Corporation’s general policy to pay reasonable and necessary travel, conferences, meals and entertainment expenses incurred as a result of official business subject to the presentation of appropriate documentation.

Any exceptions or potential exceptions to this Policy must be submitted to the President (or in the case of the President to the Board Chair¹) for approval.

¹ If the Board Chair benefited from the expenditure then the Audit Committee Chair will approve the exception. If both the Board Chair and Audit Committee Chair benefited from the expenditure then the full Board of the Corporation must approve the exception.

Section 1: Travel

1.1 Approval of Travel:

Travel involving overnight accommodation or travel outside of Western New York and Southern Ontario requires the approval of the President (or the Board Chair in the case of the President).

1.2 Personal Travel:

Personal Travel is **not** reimbursable. This exclusion applies to personal travel which interrupts official travel, or precedes or follows a business trip.

Personal expenses are not reimbursable even when incurred while on a Corporation trip. Examples of such excluded expenses are pet care, house, or child-care expenses and purchase or repair of personal luggage.

1.3 Reimbursable Travel Expenses:

Where practical, employees should perform appropriate due diligence to obtain the lowest reasonable costs for travel expenses.

Transportation expenses shall be reimbursed based on an economical mode of transportation and the most commonly traveled route consistent with the authorized purpose of the trip. Transportation tickets should be procured in advance in order to obtain any discounts offered by the carrier. Every reasonable effort should be made to cancel reservations on a timely basis to avoid no-show or late cancellation charges.

A. Automobile Travel

i) Personal Vehicle

Travelers may use their personal vehicle for business purposes if it is less expensive than renting a car, taking a taxi, or using alternative transportation, or if it saves time.

In most circumstances, mileage shall be computed as the distance traveled to the business destination. Mileage will be reimbursed at the prevailing IRS mileage rate reimbursement limits which are intended to cover the cost of fuel, depreciation, insurance, maintenance and other similar operating costs. Expenses related to the mechanical failure or accidents to personal cars are not reimbursable.

When utilizing a personal vehicle for business, travelers must maintain liability insurance on the vehicle in accordance with New York State requirements. The Corporation may periodically request proof of insurance from such travelers.

ii) Rental Cars

A vehicle may be rented when renting would be more advantageous to the Corporation than other means of commercial transportation, such as using a taxi. Advance reservations should be made whenever possible and a compact or economy model should be requested unless the itinerary, number of travelers or baggage support the choice of a larger vehicle. The traveler is responsible for obtaining the best available rate commensurate with the requirements of the trip. When the traveler uses a rental car also for a personal side trip, he or she is expected to pay the appropriate portion of both the per-diem and the mileage expense.

The Corporation's insurance company currently provides liability and physical damage coverage if a vehicle is rented in the Corporation's name in the U.S. or Canada. Therefore, if similar coverage is offered by the rental company, it should be declined in these circumstances.

iii) Miscellaneous Automobile-related Expenses

Charges for parking, ferries, bridges, tunnels, or toll roads while an individual is traveling on Corporation business will be reimbursed.

B. Air Travel

Whenever practical, travelers are expected to use tourist, economy, coach or "standard" accommodations for air travel. The Corporation discourages more than three employees traveling on the same flight.

Travelers may retain Corporation business frequent flyer mileage credits for personal use. However, air carrier selection cannot be biased by the traveler's frequent flyer affiliation. The lowest cost air travel should take precedence after considering departure/arrival times and number of stops.

C. Surface Transportation Used in Lieu of Air Travel

If advance approval has been obtained, a traveler may use surface transportation for personal reasons even though air travel is the appropriate mode of transportation. The cost of meals and lodging, parking, mileage, tolls, taxis, and ferries incurred while in transit by surface transportation may be reimbursed. Such costs shall not exceed the cost of airfare, based on the cost of regular coach fare available for the location of travel from a standard commercial air carrier plus transportation costs to and from the airport.

D. Other Forms of Transportation

Rail, shuttle, subway or bus transportation may be used if it is convenient and less expensive than alternative transportation or it saves time. If a traveler's destination is served by a regularly scheduled airline, the use of rail or bus transportation shall be reimbursed in accordance with the procedures specified under Surface Transportation in Lieu of Air Travel.

E. Food and Lodging

Lodging, meals, gratuities and related miscellaneous expenses while an individual is on travel status for the Corporation will be reimbursed in their actual, reasonable amounts when properly documented. Gratuities should generally not exceed 20% of the total bill and are reimbursable if a restaurant receipt is submitted. Generally, hotel housekeeping gratuities are reimbursable up to \$5 per day. Accommodations are expected to be comfortable and appropriate to the particular purpose of the trip-not luxurious or extravagant. Wherever possible, the Corporation's New York State sales tax exemption should be claimed. Tax exemption letters are available from the Finance Department.

F. Miscellaneous Travel Expenses

Examples of miscellaneous travel expenses **that are reimbursable** are the following:

- Reasonable tips for baggage handling, etc.
- Business telephone or internet calls and occasional, reasonable personal calls.
- Highway and bridge tolls.
- Necessary parking fees.
- Small supplies on an emergency basis
- Fees for visas, passports, and inoculations are allowable when they are a specific and necessary condition of fulfilling a work assignment.
- Cab gratuities, general not exceeding 20% of the total cost of the cab ride.

G. Travel Expenses Not Reimbursed

Expenses that are not reimbursable include:

- Lost or stolen tickets, cash, or personal property.
- Fines.
- Accident insurance premiums (the Corporation provides workers' compensation and accidental death and disability insurance to employees).
- Child, pet or house-sitting expenses.
- Penalties or fees for cancellation or change of discounted tickets when the cancellation or change came about from personal rather than Corporation choice.
- In-room movie or video game rentals.
- Hotel mini-bar charges.

- Dry cleaning (unless the Corporation requests that the traveler extends their regularly scheduled trip or when the traveler is away from home for more than six days).
- All costs pertaining to spouses, partners or other non-Corporation personnel accompanying the traveler
- Tobacco products

The above listings are not all-inclusive and items not listed will be reviewed on a case-by-case basis.

Section 2: Conferences and Seminars

Reimbursement of conference and seminar fees and related hotel and meal expenses will be limited to those reasonable, necessary, approved expenses which are reported in an Expense Report with supporting receipts or documentation. The Corporation will only reimburse reasonable meal and beverage expenses of guests when the purpose of the meeting is to discuss Corporation business. If this is the case, the Corporation requires that the traveler provide a listing of the guests whose costs are being reimbursed, their organization and title and the business purpose of the meeting.

If a conference registration fee includes an extra charge for social activities, such as site-seeing tours, golf outings, etc., these charges are considered personal expenses and will not be reimbursed.

Section 3: Dues of Professional or Technical Organizations

Dues for approved memberships in professional or technical organizations are reimbursable when they are related to the employee's job responsibilities.

Section 4: Meals & Entertainment

There are occasions when the Corporation may provide meals and light refreshments to Board or committee members, officers, employees, guests or visitors to support the mission of the Corporation. As with other Corporation expenditures, authorized officials must exercise prudent business judgment in reviewing proposed expenditures for meals and light refreshments based on their reasonableness and benefit to the Corporation and its mission. In addition, such expenditures should be cost effective and in accordance with the best use of Corporation administered funds.

Meals and entertainment costs of a spouse or partner will only be reimbursed if their presence serves a business purpose (such as if he or she has a significant role in the proceedings or makes an important contribution to the success of the event). Official functions to which spouses or partners are invited as a matter of protocol or tradition may be considered as bona fide business-related activities if their inclusion serves a legitimate business purpose.

4.1 Employee morale-building activities Exception

The cost of meals, light refreshments and entertainment for official employee morale-building activities that serve a Corporation business purpose may be reimbursed as an exception to this Policy. Examples of such occasions include a gathering to honor a departing employee who is retiring or who is separating from Corporation employment, employee recognition receptions, annual staff picnics, and holiday gatherings. Employee gifts and/or celebrations for milestone anniversaries (ex. 10, 15, 20, 25, etc.) are also allowed. Celebrations and/or cakes for employee birthdays or for Corporation interns are not reimbursable.

4.2 Entertainment Expenses Not Reimbursed

Expenses that **are not reimbursable** include:

- Entertainment expenses that are lavish or extravagant under the circumstances;
- Entertainment expenses for birthdays, weddings, anniversaries, or farewell gatherings (excluding the morale-building expenses referenced in section 4.1 above).
- Memberships/dues for private clubs, unless such membership is determined by the Board and/or Members to be appropriate for the conduct of Corporation business in accordance with its corporate purposes.
- Adult entertainment

Section 5: Advances

Cash advances are not generally provided because individuals who travel regularly on Corporation business are encouraged to use their personal credit cards to charge their travel expenses.

If hardship would result or for travelers without a personal credit card, cash advances can be obtained from the Finance department. To obtain an advance, the traveler must complete a "Request for Cash Advance" form which must be approved by both the CFO and President (or CFO and the Chair of the Audit Committee in the case of the President). Any excess of cash advances over allowable out-of-pocket costs must be promptly refunded to the Corporation.

Section 6: Reimbursement Approval

Reimbursement may be requested as soon as the individual has made the expenditure, completed their Expense Report and had it approved. Expense Reports must be approved by the President or Executive Vice President (or Chair of the Audit Committee in the case of the President). The individual approving the Expense Report should not have personally benefited from the expenditure. If the Corporation Chairperson benefited from the expenditure then the Audit Committee Chair must approve the Expense Report. If both the Corporation Chairperson and the Audit Committee Chair benefited from the expenditure then the Board or Members of the Corporation must approve the Expense Report.

In approving a request to reimburse an individual for expenditures authorized under this Policy, the approving authority must determine that:

- The expenditure serves a clear and necessary business purpose or benefit to the Corporation and its mission.
- The expenditure of funds is reasonable, cost effective, and in accordance with the best use of Corporation administered funds;
- Any alternatives that would have been equally effective in accomplishing the desired objectives were considered.

Individuals may not approve the reimbursement of their own expenses. In addition, an employee shall not approve the expenses of an individual to whom he or she reports either directly or indirectly.

Original, dated receipts or bills are required for hotel, car rental and airline expenditures and for any other item of expense exceeding \$25. Other out-of-pocket expenses should be listed by date, type, and purpose on the traveler's Expense Report.

If a required receipt is lost or unavailable, a written explanation of the circumstances must accompany the reimbursement request.

6.1 Expenses Charged directly to the Corporation

Certain expenses may be paid directly by the Corporation through check, ACH or other direct payment methods. Examples include such items as airline tickets, rental cars, accommodation and seminar registration fees. The fact that certain allowable business expenses may be paid directly by the Corporation does not relieve a traveler from complying with the substantiation requirements of this Policy (original receipts, airline tickets and other supporting documentation must be attached and details provided regarding any guest costs).

Fees for membership in credit card reward programs where the beneficiary of the rewards is the individual are not reimbursable.

Section 7: Expenses in Foreign Currency

For expenses paid in foreign cash, the exchange rate at which the traveler bought the foreign currency applies, and a receipt for the purchase of that currency should be kept and attached to the Expense Report.

Section 8: Taxability of Reimbursements

In general, where the individual supplies a detailed accounting of bona fide business expenses to the employer, the amounts reimbursed are not taxable income to the traveler. It is therefore in the traveler's interest to carefully follow the Corporation's procedures for reporting and documenting expenses.

Section 9: Policy Exceptions

On rare occasions, exceptions to this policy may be required. Exceptions may only be made with prior written approval by the BUDC Board Chair or Vice Chair.

Attachments

Corporation Expense Report

Corporation Tax exemption letter

Corporation Cash Advance Form

Adopted: 4/17/07

Amended: 10/25/11

Amended and Adopted: 2/26/2013

Re-adopted: 2/25/2014

Re-adopted: 3/31/2015 Re-adopted:
3/29/2016

Re-adopted: 3/28/2017

Reviewed: 3/5/2018 (Governance Committee of the Board of Directors)

Reviewed: 3/13/2019 (Governance Committee of the Board of Directors)

Reviewed: 3/16/2020 (Governance Committee of the Board of Directors)

Reviewed: 3/4/2021 (Governance Committee of the Board of Directors)

Reviewed: 3/8/2022 (Governance Committee of the Board of Directors)

Re-Adopted: 3/29/2022

Reviewed: 3/14/2022 (Governance Committee of the Board of Directors)

Re-Adopted: 3/28/2023

Buffalo Urban Development Corporation

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Item 3.4

MEMORANDUM

TO: BUDC Board of Directors

FROM: Rebecca Gandour, Executive Vice President

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

DATE: March 26, 2024

At its February 27, 2024 meeting, the BUDC Board of Directors meeting approved the ninth amendment to the Ralph C. Wilson, Jr. Foundation Subgrant Agreement between BUDC and the City of Buffalo (the “Subgrant Agreement”). This amendment facilitated the transfer of additional funds from the Ralph C. Wilson, Jr. Foundation to support Phase 1 construction work at Ralph C. Wilson, Jr. Centennial Park (“Ralph Wilson Park”).

The ninth amendment has not yet been executed by the parties as correction is needed. It was previously communicated to the Board that the funding from the Community Foundation of Southeast Michigan would be allocated to fund Phase 1A construction work at Ralph Wilson Park. However, these funds are intended to support Phase 1B construction work.

The proposed amendment would also reduce the amount of funds granted to the City under Wilson Grant #3 as part of the first amendment to the Subgrant Agreement. Previously, BUDC’s project manager Gardiner & Theobald recommended decreasing the amount of this subgrant by \$40,000 in order to fund an amendment to BUDC’s environmental services contract with SJB Services, Inc. These services did not need to be performed at the time, and BUDC has since contracted with Atlantic Testing Laboratories (“ATL”) for these services, which was approved by the Board at its August 29, 2023 meeting. As ATL will be completing soil and water testing at Ralph Wilson Park, a modification to the first amendment to the Subgrant Agreement is needed in order for BUDC to pay ATL directly.

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This item was reviewed with the Downtown Committee at its March 20th meeting and was recommended for Board approval.

ACTION:

I am requesting that the Board of Directors: (i) amend its authorization to allow for the use of Community Foundation of Southeast Michigan funding to support Phase 1B construction at Ralph Wilson Park; (ii) modify the allocation of Wilson Grant #3 funding in the First Amendment to the Subgrant Agreement from \$975,148 to \$935,148; and (iii) authorize the BUDC President or Executive Vice President to execute the Ninth Amendment to the Subgrant Agreement, as modified, and take such other actions as are necessary to implement this authorization.

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Item 3.5

MEMORANDUM

TO: BUDC Board of Directors

FROM: Rebecca Gandour, Executive Vice President

SUBJECT: Ralph C. Wilson, Jr. Centennial Park – Amendment to GLC Grant Agreement

DATE: March 26, 2024

On June 28, 2022, the BUDC Board of Directors approved a grant funding agreement between BUDC and the Great Lakes Commission (GLC) and the parties entered into a grant agreement dated July 22, 2022. (the “Grant Agreement”). The Grant Agreement awarded BUDC \$874,783 in funding to support the Phase 1 construction of shoreline elements at Ralph Wilson Park.

On February 21, 2024, BUDC received notification that GLC was modifying the Grant Agreement. This amendment to the Grant Agreement authorizes an additional \$819,933 in funding to BUDC as a result of cost savings from two other GLC-supported projects, bringing the total funding under the Grant Agreement to \$1,694,716.

The additional funding under the Grant Agreement, as amended, will be allocated as follows:

- \$19,933 to complete excavation work along the shoreline; and
- \$800,000 to undertake stone, rip rap and armoring construction along the shoreline.

BUDC will transfer the additional funding to the City of Buffalo through an amendment to the BUDC-City of Buffalo subgrant agreement relating to GLC funding. The transfer of this additional funding will enable the City to pay its construction manager at-risk, Gilbane Building Company, to complete the above scope of work.

All other terms of the original grant agreement between BUDC and GLC will remain the same, including the original term of the Grant Agreement with an end date of June 30, 2024. BUDC and

its project manager, Gardiner and Theobald (G&T) and BUDC are confident that these additional funds will be utilized before the closeout of the grant.

This item was reviewed with the Downtown Committee at its March 20th meeting and was recommended for Board approval.

ACTION:

I am requesting that the BUDC Board of Directors: (i) approve the amendment to the Grant Agreement with GLC awarding an additional \$819,933 to BUDC to support the Phase 1 construction of shoreline elements at Ralph Wilson Park; (ii) approve the first amendment to the BUDC-City of Buffalo GLC subgrant agreement allowing BUDC to transfer the additional funding from the amendment to the Grant Agreement for shoreline construction; and (iii) authorize the BUDC President or Executive Vice President to execute the amendment to the Grant Agreement and first amendment to the BUDC-City of Buffalo GLC subgrant agreement, and to take such other actions as are necessary or appropriate to implement this authorization.

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Item 3.6

MEMORANDUM

TO: BUDC Board of Directors

FROM: Rebecca Gandour, Executive Vice President

SUBJECT: Ralph C. Wilson, Jr. Centennial Park – Gardiner & Theobald Contract Amendment #3

DATE: March 26, 2024

On December 28, 2021, the BUDC Board of Directors approved the second amendment to BUDC’s agreement with Gardiner & Theobald (G&T) for project management services related to the Ralph Wilson Park project (the “Agreement”). This second amendment extended the term of the Agreement from December 20, 2021 to November 30, 2024.

As we near the expiration of the Agreement’s extended term, an additional amendment to the Agreement is needed. This extension is necessary in order for G&T to continue its project and cost management services through the construction, bid negotiations, post-construction, and final accounting phases of the Ralph Wilson Park project. The amendment would extend the Agreement for an additional twelve (12) months, all at a cost of \$764,000. The contract extension will start on December 1, 2024, and would be fully funded through the Ralph C. Wilson, Jr. Foundation Grant Agreement #10 (R-2310-13771), which was approved by the BUDC Board of Directors at its February 27, 2024 meeting.

This item was reviewed with the Downtown Committee at its March 20th meeting and was recommended for Board approval.

ACTION:

I am requesting that the BUDC Board of Directors: (i) approve the third amendment to the Agreement between BUDC and G&T to extend G&T's project and cost management services for an additional twelve (12) months in the amount of \$764,000; and (ii) authorize the BUDC President or Executive Vice President to execute the amendment to the Agreement, and take such other actions as necessary or appropriate to implement this authorization.

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Item 3.7

MEMORANDUM

TO: BUDC Board of Directors

FROM: Rebecca Gandour, Executive Vice President

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

DATE: March 26, 2024

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

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

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

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

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

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

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

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

ACTION:

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

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Item 3.8

MEMORANDUM

TO: BUDC Board of Directors
FROM: Rebecca Gandour, Executive Vice President
SUBJECT: 612 Northland – Start-Up NY Affiliation Agreement
DATE: March 26, 2024

BUDC staff has been working with representatives from the University at Buffalo (UB) to designate 612 Northland for inclusion in the Start-Up NY program. Start-Up NY is a State-sponsored economic development program to create tax-free communities to attract high-tech and other start-ups, business expansions, venture capital, new business attractions and investments from around the world. Staff and BUDC’s Northland marketing and leasing agent, CBRE, believe that the Start-Up NY designations will assist in marketing and leasing 612 Northland. There is no cost or restriction to BUDC for this affiliation. In 2018, the BUDC Board of Directors approved designating 631 Northland and 683 Northland as Start-Up NY properties.

Under the proposed arrangement, 23,055 square feet at 612 Northland will be designated as a Tax-Free NY Area pursuant to the terms of an Affiliation Agreement between UB and NorDel I, LLC.

This item was reviewed with the Real Estate Committee at its March 21st meeting and was recommended for Board approval.

ACTION:

We are requesting that the Board of Directors: (i) designate 612 Northland as University at Buffalo Start-Up NY property; and (ii) authorize the President or Executive Vice President to execute and deliver the Start-Up NY Affiliation Agreement on behalf of NorDel I, LLC and take such other actions as may be necessary to implement this authorization.

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