

Buffalo Urban Development Corporation

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Audit & Finance Committee Meeting Monday – September 18th, 2017 - Noon BUDC Offices, 4th Floor, 95 Perry

Agenda

1. Approval of Minutes of August 18, 2017 Meeting *(Action)(Enclosure)*
2. Professional Auditing Services Procurement Memo *(Recommendation)(Handout To Be Provided)*
3. 2018 BUDC Draft Budget & Three Year Forecast *(Recommendation)(Enclosure)*
4. 683 Northland – Historic Rehab & NMTC Financing Update *(Information)*
5. 683 Northland – Historic Rehab Reasonableness Opinion Solicitation *(Information)*
6. 683 Northland – Construction Bridge Loan Update *(Information)*
7. 683 Northland – Gilbane Guaranteed Maximum Price (GMP) Update *(Information)*
8. Northland Beltline – CDBG Funding Update *(Information)*
9. Northland Beltline – Restore New York Funding Update *(Information)*
10. Northland Beltline - ESD Funding Update *(Information)*
11. Buffalo Brownfields Redevelopment Fund (BBRF) Update *(Info.)(Handout To Be Provided)*
12. Regionally Significant Project (RSP) Fund Update *(Information)(Handout To Be Provided)*
13. BBRP/BUDC Loan Program Update *(Information)*
14. Adjournment *(Action)*

**Minutes of the
Audit & Finance Committee Meeting
Buffalo Urban Development Corporation
95 Perry Street
Buffalo, New York 14203
August 18, 2017
12:00 P.M.**

Call to Order:

Committee Members Present:

Janique S. Curry
James W. Comerford
David J. Nasca
Dennis M. Penman (Committee Chair)

Committee Members Absent:

Thomas Beauford, Jr.

Officers Present:

Peter M. Cammarata, President
David A. Stebbins, Executive Vice President
Brandye Merriweather, Vice President
Mollie M. Profic, Treasurer
Kevin J. Zanner, Secretary
Bradley Bach, Assistant Treasurer

Roll Call: The roll of the Committee members was called at 12:05 p.m. and a quorum was determined to be present.

- 1.0 Approval of Minutes of the July 7, 2017 Meeting** – The minutes of the July 7, 2017 meeting of the Audit & Finance Committee were presented. Mr. Comerford made a motion to approve the meeting minutes. The motion was seconded by Ms. Curry and unanimously carried.
- 2.0 ECIDA Administrative Fee Agreement** – Mr. Stebbins circulated to the Committee the proposed administrative fee agreement with ECIDA. He explained that 683 Northland LLC, which will be a taxable entity, submitted an application to ECIDA for exemptions from sales and mortgage recording tax and real property tax abatement for the 683 Northland Workforce Training Center project. The application was approved by the ECIDA Board on May 24th. ECIDA inducements are subject to an administrative fee equal to 1.25% of the hard construction costs of the project. The estimated hard construction costs for 683 Northland/Workforce Training Center Phase I is \$40,482,326, which results in an estimated administrative fee of \$506,030. Mr. Stebbins indicated that ECIDA agreed to allow payment of the administrative fee in seven equal annual installments. ECIDA also agreed to allow 683 Northland LLC to suspend the final two payments of the administrative fee should the project convert to not-for-profit ownership before those payments are due. Mr. Nasca made a motion to recommend that the Board authorize BUDC and 683 Northland LLC to accept the May 24, 2017 inducement offer from ECIDA and to execute the administrative fee agreement as presented. The motion was seconded by Mr. Comerford and unanimously carried.
- 3.0 Historic/NMTC Investor Procurement Memo** – Mr. Cammarata reviewed and discussed with the Committee a memorandum prepared by Cannon Heyman & Weiss which outlines the process utilized by the tax credits consulting team to identify and attract investors for the historic

preservation and New Markets Tax Credits for the 683 Northland Workforce Training Center project.

- 4.0 **NMTC Consultant Contracts** – Mr. Stebbins informed the Committee of the need to amend the scope of services for Cannon Heyman & Weiss and RubinBrown to include services relating to the New Markets Tax Credits transaction. The Committee reviewed the proposed cost increase, which is estimated to range from \$75,000 to \$100,000 for Cannon Heyman & Weiss and \$32,500 for RubinBrown. In response to a question from Ms. Curry, Mr. Cammarata indicated that Divitta Alexander is working with Cannon Heyman & Weiss as an MBE for the legal services. Mr. Comerford made a motion to recommend that the Board approve the expansion of the scope of services for the consultants as presented. The motion was seconded by Ms. Curry and unanimously carried.
- 5.0 **683 Northland – Historic Rehabilitation and NMTC Financing Update** – Mr. Stebbins reported that all letters of intent and commitment letters for the historic preservation tax credits and New Market Tax Credits transaction have been signed. Weekly conference calls have been scheduled, with closing targeted for mid-October. Mr. Stebbins noted that the National Parks Service provided comments to the Part II application, primarily relating to the roof and windows for 683 Northland. Obtaining approval of the Part II is critical to closing the historic tax credits portion of the transaction.
- 6.0 **683 Northland – Gilbane Guaranteed Maximum Price (GMP) Update** – Mr. Stebbins reported that due to the need for further amendments to the construction drawings for the project, Gilbane's proposal for a guaranteed maximum price will not be ready for Committee review until September.
- 7.0 **683 Northland – Construction Bridge Loan Update** – Mr. Stebbins reported that BUDC is delivering due diligence materials to KeyBank for the twenty million dollar construction loan for the project. KeyBank has not issued its commitment letter yet. Mr. Nasca informed the Committee that Evans Bank (of which he is President), has been approached by KeyBank to participate in the loan. Mr. Stebbins noted that when BUDC sought proposals for the construction financing, lending institutions were encouraged to partner with other banks given the amount of the requested funding.
- 8.0 **Northland Beltline – CDBG Funding Update** – Mr. Cammarata reported that BUDC has received 2.6 million dollars in CDBG funds from the City of Buffalo. Staff is working on a seventh reimbursement request to submit to the City.
- 9.0 **Northland Beltline – Restore New York Funding Update** – Mr. Stebbins updated the Committee regarding the Restore NY grant for the Northland Beltline project. The ESD Board is expected to formally authorize the Restore NY grant to the City of Buffalo at its November 2017 meeting. Mr. Stebbins also informed the Committee that he is working with the City Corporation Counsel's office on a sub-grant agreement between the City of Buffalo and BUDC for the grant funds.
- 10.0 **Northland Beltline – ESD Funding Update** – Mr. Cammarata provided an update on the two grants from ESD for the Northland Beltline project. There are two separate grants—a 6.7 million dollar grant, a significant portion of which was utilized for the initial acquisition of the Northland Beltline properties, and a ten million dollar grant from the Buffalo Billion I.
- 11.0 **Regionally Significant Project (RSP) Fund Update** – Ms. Profic circulated and reviewed with the Committee the Regionally Significant Project (RSP) Fund Analysis. The fund balance as

of July 31, 2017 is \$112,422. The Fund Analysis reflects the Board's authorization to use \$17,500 from the RSP Fund to pay for an updated downtown housing study. Ms. Merriweather explained the purpose and goals of the housing study.

- 12.0 2018 BUDC Budget Process** – Mr. Cammarata reported that BUDC executive staff has been meeting internally to develop the proposed 2018 budget. A draft budget will be presented to the Committee at its September meeting. Mr. Nasca requested that staff include budgetary assumptions as part of the proposed budget.
- 13.0 BBRP/BUDC Loan Program Update** – Ms. Merriweather reviewed with the Committee the August 18, 2017 BBRP Loan Status Report. She then reported on new loan activity. At its July 11th meeting, the Downtown Committee made a finding that a project submitted by Signature Development for 68-72 Sycamore Street was consistent with BBRP goals and loan policies. This project has moved to the underwriting phase. A second project, the CW Miller Livery project at 73-75 Huron Street, was tabled by the Downtown Committee for further examination regarding whether the BBRP loan program should provide loan funding for projects with no residential component.
- 14.0 Adjournment** – There being no further business to come before the Audit & Finance Committee, upon motion made by Mr. Nasca, seconded by Ms. Curry and unanimously carried, the August 18, 2017 meeting of the Audit & Finance Committee was adjourned at 1:05 p.m.

Respectfully submitted,



Kevin J. Zanner, Secretary

Buffalo Urban Development Corporation 2018 Budget - Project Detail

	BLCP*	BBRP**	Northland Corridor	Corporate Operations	Total
REVENUE					
Grant Revenue					
Restore NY			\$ 1,300,000		\$ 1,300,000
National Grid - Urban Corridor Program		250,000	250,000		500,000
National Grid - Strategic Marketing		5,000			5,000
ECIDA		100,000			100,000
Gross Proceeds from Land Sales	150,000				150,000
Less: Cost of Land Sales + closing costs	(192,830)				(192,830)
Buffalo Brownfield Fund Revenue (net)				449,000	449,000
Regionally Significant Project Fund (net)				18,000	18,000
Rental Income			20,000		20,000
Interest Income & Fees - Loans		135,000	150,000		285,000
Investment Interest Income				5,000	5,000
Total	(42,830)	490,000	1,720,000	472,000	2,639,170
OPERATING EXPENSES					
Property Operations & Maintenance	(59,000)		(45,000)		(104,000)
Less: Property Owners' Association	10,000				10,000
Legal	(5,000)	(12,000)	(50,000)	(55,000)	(122,000)
Insurance	(18,000)		(115,000)	(25,000)	(158,000)
Marketing	(2,500)	(15,000)	(25,000)	(25,000)	(67,500)
Utilities			(30,000)		(30,000)
Misc.	(2,500)	(5,000)		(2,500)	(10,000)
Consultants			(250,000)		(250,000)
General Development Expenses	(2,500)	(250,000)	(1,550,000)		(1,802,500)
Personnel Costs		(103,285)		(420,917)	(524,202)
Interns					-
Rent				(20,000)	(20,000)
ECIDA Management Fee				(48,000)	(48,000)
Audit			(5,000)	(9,000)	(14,000)
General & Administrative		(15,000)		(25,000)	(40,000)
Depreciation				(1,000)	(1,000)
Total	(79,500)	(400,285)	(2,070,000)	(631,417)	(3,181,202)
Net Income / (Loss)	(122,330)	89,715	(350,000)	(159,417)	(542,032)
CAPITAL BUDGET					
Property Acquisition					-
Equipment					-
Total					-
CASH FLOW ADJUSTMENTS					
Cost of Land Sales	170,330				170,330
Interest held by NYBDC/Loan Admin Fees		(36,875)			(36,875)
Interest on loan to 683 Northland LLC			(150,000)		(150,000)
Depreciation				1,000	1,000
Net Cash Increase/(Decrease)	\$ 48,000	\$ 52,840	\$ (500,000)	\$ (158,417)	\$ (557,577)

Composed of:

Net decrease in Buffalo Brownfields Fund	(150,500)
Net increase in RSP Fund	18,000
Net decrease in Operating account/Downtown Fund	(425,077)
	<u>\$ (557,577)</u>

* Buffalo Lakeside Commerce Park

** Buffalo Building Reuse Project

Buffalo Urban Development Corporation ("BUDC")
2018 Budget and 3 Year Forecast

REVENUE	Proposed Budget 2018	Projected 2019	Projected 2020	Projected 2021
Grant Revenue	\$ 1,905,000	\$ 1,000,000	\$ 500,000	\$ 500,000
Gross Proceeds from Land Sales	150,000	150,000	150,000	150,000
Less: Cost of Land Sales	(192,830)	(192,830)	(192,830)	(192,830)
Buffalo Brownfield Fund Revenue (net)	449,000	443,000	278,000	-
Regionally Significant Project Fund (net)	18,000	-	-	-
Rental Income	20,000	100,000	100,000	100,000
Interest Income & Fees - Loans	285,000	100,000	100,000	100,000
Investment Interest Income	5,000	5,000	5,000	5,000
Other Income	-	-	-	-
Total	2,639,170	1,605,170	940,170	662,170
OPERATING EXPENSES				
Property Operations & Maintenance	(104,000)	(110,000)	(115,000)	(120,000)
Less: Property Owners' Association	10,000	10,000	10,000	10,000
Legal	(122,000)	(120,000)	(115,000)	(110,000)
Insurance	(158,000)	(100,000)	(100,000)	(100,000)
Marketing	(67,500)	(65,000)	(65,000)	(65,000)
Utilities	(30,000)	(35,000)	(40,000)	(45,000)
Misc.	(10,000)	(15,000)	(15,000)	(15,000)
Consultants	(250,000)	(200,000)	(200,000)	(200,000)
General Development Expenses	(1,802,500)	(5,000)	(10,000)	(15,000)
Personnel Costs	(524,202)	(545,170)	(566,977)	(589,656)
Interns	-	(10,000)	(10,000)	(10,000)
Rent	(20,000)	(20,500)	(21,000)	(21,500)
ECIDA Management Fee	(48,000)	(50,000)	(52,000)	(54,000)
Audit	(14,000)	(9,000)	(9,250)	(9,550)
General & Administrative	(40,000)	(42,000)	(44,000)	(46,000)
Depreciation	(1,000)	(1,000)	(1,000)	(1,000)
Total	(3,181,202)	(1,317,670)	(1,354,227)	(1,391,706)
Net Income / (Loss)	\$ (542,032)	\$ 287,500	\$ (414,057)	\$ (729,536)