

## Buffalo Urban Development Corporation

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### **Audit & Finance Committee Meeting Wednesday – September 24th, 2018 - Noon BUDC Offices, 4<sup>th</sup> Floor, 95 Perry**

#### **Agenda**

1. Approval of Minutes of September 17, 2018 Meeting *(Action) (Enclosure)*
2. 2019 BUDC Draft Budget & Three Year Forecast *(Recommendation) (Enclosure)*
3. Adjournment *(Action)*

**Minutes of the  
Audit & Finance Committee Meeting  
Buffalo Urban Development Corporation  
95 Perry Street  
Buffalo, New York 14203  
September 17, 2018  
12:00 P.M.**

**Call to Order:**

**Committee Members Present:**

Trina Burruss  
James Comerford, Jr.  
Janique S. Curry  
Dennis M. Penman (Committee Chair)

**Committee Members Absent:**

David J. Nasca (participated by phone)

**Officers Present:**

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

**Others Present:** Dawn Boudreau, ECIDA.

**Roll Call:** The roll of the Committee members was called at 12:10 p.m. and a quorum of the Committee was present. Ms. Curry joined the meeting during the presentation of item 2.0.

- 1.0 Approval of Minutes of the March 15, 2018 Meeting** – The minutes of the March 15, 2018 meeting of the Audit & Finance Committee were presented. Mr. Comerford made a motion to approve the meeting minutes. The motion was seconded by Ms. Burruss and unanimously carried.
- 2.0 2019 BUDC Draft Budget & Three Year Forecast** – Ms. Profic presented the draft 2019 budget and 2020-2022 forecast. Ms. Profic first reviewed the proposed budgets for Buffalo Lakeside Commerce Park, the Buffalo Building Reuse Project, the Northland Corridor, 308 Crowley and general corporate operations. Revenue in the amount of \$150,000 has been budgeted for an anticipated land sale(s) at BLCF. She then reviewed a separate budget sheet which breaks out the budgeted revenue, expenses and cash flow adjustments for the Northland Corridor project. The Committee discussed the proposed budget. It was noted that the proposed budget projects that 683 Northland will operate at a net loss. Mr. Stebbins indicated that this is consistent with the financial model for the project because the building is not expected to be fully leased up in 2019. Mr. Penman commented that BUDC's corporate structure is significantly different as a result of the 683 Northland tax credits transaction, and that budgeting for the organization is more complex and challenging. He suggested that staff consider inviting Freed Maxick to assist with the presentation of the budget to the full Board. Mr. Cammarata noted that the Committee will meet again in late October to make a recommendation on the budget and that an invitation would be extended to all Board members to attend the Committee meeting. Following the Committee meeting, the budget will be presented to the full Board on October 30<sup>th</sup>.

- 3.0 **Buffalo Brownfields Redevelopment Fund (BBRF) Update** – Ms. Profic circulated and reviewed with the Committee the Summary of Recent Activity for the Buffalo Brownfields Redevelopment Fund (BBRF). The balance in the BBRF as of September 17, 2018 is \$1,279,380.00.
- 4.0 **Regionally Significant Project (RSP) Fund Update** – Ms. Profic circulated and reviewed with the Committee the Summary of Recent Activity for the Regionally Significant Project (RSP) Fund. The balance in the RSP Fund is \$92,536.00. Ms. Profic noted that the final installment of PILOT revenue from the Astronics project was received by the fund in June.
- 5.0 **BBRP/BUDC Loan Program Update** – Ms. Merriweather presented the September 17, 2018 BBRP Loan Status Report. The two loans in repayment status (Phoenix Brewery and Alexandre Apartments) are current. Ms. Merriweather reviewed the status of several loans that are in the pipeline, including proposed loans for the Michigan-Broadway, CW Miller Livery, Sinclair, Trico, 810 Main, 523 Main and McCarley Gardens projects. Ms. Merriweather then reported on the issuance of the third quarter request for proposals for BBRP loan program funding. Responses are due Friday, September 28<sup>th</sup>.
- 6.0 **Adjournment** – There being no further business to come before the Audit & Finance Committee, upon motion made by Ms. Curry, seconded by Mr. Comerford and unanimously carried, the September 17, 2018 meeting of the Audit & Finance Committee was adjourned at 1:20 p.m.

Respectfully submitted,



Kevin J. Zanner, Secretary

**Buffalo Urban Development Corporation**  
**Proposed 2019 Budget - Project Detail**

	BLCP*	BBRP**	Northland Corridor	308 Crowley	Corporate Operations	Total
<b>REVENUE</b>						
Grant Revenue						
ESD - Buffalo Manufacturing Works/Equip.	\$ -	\$ -	\$ 22,500,000	\$ -	\$ -	\$ 22,500,000
Restore NY	-	-	4,898,500	-	-	4,898,500
National Grid - Urban Corridor Program	-	250,000	-	-	-	250,000
National Grid - Brownfield	-	-	150,000	-	-	150,000
NYPA (carryover)	-	-	500,000	-	-	500,000
National Grid - Building WNY	-	5,000	-	-	-	5,000
ECIDA	-	100,000	-	-	-	100,000
Other	-	-	169,232	-	-	169,232
Gross Proceeds from Land Sales	150,000	-	-	30,000	-	180,000
Less: Cost of Land Sales + closing costs	(192,830)	-	-	(5,000)	-	(197,830)
Buffalo Brownfield Fund Revenue (net)	-	-	-	-	419,000	419,000
Developer Fee	-	-	5,000,000	-	-	5,000,000
Rental Income	-	-	2,301,659	-	-	2,301,659
BLCP Property Maintenance	10,400	-	-	-	-	10,400
Interest Income & Fees - Loans	-	49,000	-	-	-	49,000
Investment Interest Income/Miscellaneous	-	-	-	-	5,000	5,000
Other Income	-	-	-	-	-	-
<b>Total</b>	<b>(32,430)</b>	<b>404,000</b>	<b>35,519,391</b>	<b>25,000</b>	<b>424,000</b>	<b>36,339,961</b>
<b>OPERATING EXPENSES</b>						
Property Operations & Maintenance	(65,000)	-	(46,175)	(5,000)	-	(116,175)
Legal	(5,000)	(5,000)	(40,000)	(5,000)	(55,000)	(110,000)
Insurance	(18,000)	-	(76,057)	(22,000)	(21,000)	(137,057)
Marketing	(1,000)	(15,000)	-	-	(25,000)	(41,000)
Utilities	(2,769)	-	(5,268)	(1,000)	-	(9,036)
Misc.	(2,500)	(4,000)	-	(1,000)	(2,500)	(10,000)
Consultants	-	-	(20,000)	(25,000)	-	(45,000)
General Development Expenses	-	(250,000)	(25,000)	(10,000)	-	(285,000)
Personnel Costs	-	(108,110)	-	-	(432,641)	(540,751)
Interest	-	-	(825,217)	-	-	(825,217)
Operating Expenses	-	-	(11,339)	(5,000)	-	(16,339)
Rent	-	-	(22,116)	-	(25,000)	(47,116)
ECIDA Management Fee	-	-	-	-	(60,000)	(60,000)
Audit & Tax	-	-	(15,300)	-	(9,000)	(24,300)
General & Administrative	-	(15,000)	(103,788)	-	(28,000)	(146,788)
Depreciation/Amortization	-	-	(4,931,533)	-	-	(4,931,533)
<b>Total</b>	<b>(94,269)</b>	<b>(397,110)</b>	<b>(6,121,793)</b>	<b>(74,000)</b>	<b>(658,141)</b>	<b>(7,345,312)</b>
<b>Net Income / (Loss)</b>	<b>(126,699)</b>	<b>6,890</b>	<b>29,397,598</b>	<b>(49,000)</b>	<b>(234,141)</b>	<b>28,994,649</b>
<b>CAPITAL BUDGET</b>						
Property Acquisition/Equipment	-	-	(32,398,500)	-	-	(32,398,500)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(32,398,500)</b>	<b>-</b>	<b>-</b>	<b>(32,398,500)</b>
<b>CASH FLOW ADJUSTMENTS</b>						
Cost of Land Sales	170,330	-	-	-	-	170,330
Interest held by NYBDC/Loan Admin Fees	-	(5,938)	-	-	-	(5,938)
Prepaid Rental Income	-	-	(2,211,598)	-	-	(2,211,598)
Construction loan interest	-	-	273,169	-	-	273,169
Depreciation	-	-	4,931,533	-	-	4,931,533
<b>Net Cash Increase/(Decrease)</b>	<b>\$ 43,631</b>	<b>\$ 952</b>	<b>\$ (7,798)</b>	<b>\$ (49,000)</b>	<b>\$ (234,141)</b>	<b>\$ (246,355)</b>

\* Buffalo Lakeside Commerce Park

\*\* Buffalo Building Reuse Project

## Buffalo Urban Development Corporation Proposed 2019 Budget - Northland Corridor Project Breakout

683 Northland Master Tenant, LLC <sup>2</sup>
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	683 Northland LLC	Eliminations <sup>1</sup>	Northland Corridor Total
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	BUDC	683 WTC, LLC	683 Northland LLC	Eliminations <sup>1</sup>	Northland Corridor Total
<b>REVENUE</b>					
Grant Revenue					
ESD - Buffalo Manufacturing Works	\$ 22,500,000	\$ -	\$ -	\$ -	\$ 22,500,000
Restore NY	4,898,500	-	-	-	4,898,500
National Grid - Brownfield	150,000	-	-	-	150,000
NYPA (carryover)	500,000	-	-	-	500,000
Other	169,232	-	-	-	169,232
Developer Fee	5,000,000	-	-	-	5,000,000
Rental Income	32,000	2,157,329	2,246,598	(2,134,268)	2,301,659
<b>Total</b>	<b>33,249,732</b>	<b>2,157,329</b>	<b>2,246,598</b>	<b>(2,134,268)</b>	<b>35,519,391</b>
<b>OPERATING EXPENSES</b>					
Property Operations & Maintenance	(45,000)	(1,175)	-	-	(46,175)
Legal	(40,000)	-	-	-	(40,000)
Insurance	(74,000)	(2,057)	-	-	(76,057)
Fixed rental expense	-	(22,116)	-	-	(22,116)
Utilities	(5,000)	(268)	-	-	(5,268)
Operating expenses	-	(10,839)	(10,000)	9,500	(11,339)
Administrative	-	(87,779)	(92,290)	87,676	(92,393)
Consultants	(20,000)	-	-	-	(20,000)
General Development Expenses	(25,000)	-	-	-	(25,000)
Personnel Costs	-	-	-	-	-
Interest	-	(784,059)	(823,170)	782,012	(825,217)
Real Estate Taxes	-	(686)	-	-	(686)
Asset Management Fee	-	(100)	-	-	(100)
Audit & Tax	(5,000)	(9,785)	(10,300)	9,785	(15,300)
Loan servicing fee	-	(10,079)	(10,609)	10,079	(10,609)
Depreciation/amortization	(1,000)	(4,684,006)	(4,930,533)	4,684,006	(4,931,533)
<b>Total</b>	<b>(215,000)</b>	<b>(5,612,948)</b>	<b>(5,876,902)</b>	<b>5,583,057</b>	<b>(6,121,793)</b>
<b>Net Income / (Loss)</b>	<b>33,034,732</b>	<b>(3,455,619)</b>	<b>(3,630,304)</b>	<b>3,448,789</b>	<b>29,397,598</b>
<b>CAPITAL BUDGET</b>	<b>(32,398,500)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(32,398,500)</b>
Property Acquisition/Equipment	-	-	-	-	-
<b>CASH FLOW ADJUSTMENTS</b>					
Prepaid rent	-	(1,657,496)	(1,753,434)	-	(3,410,930)
Construction loan interest	-	259,511	273,169	-	532,680
Usage of/(additions to) reserves	-	90,777	95,909	-	186,686
Depreciation/amortization	1,000	4,684,006	4,930,533	(4,684,006)	4,931,533
<b>Net Cash Increase/(Decrease)</b>	<b>\$ 637,232</b>	<b>\$ (78,821)</b>	<b>\$ (84,127)</b>	<b>\$ (1,235,218)</b>	<b>\$ (760,933)</b>
	<b>\$ 2,306,086</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,306,086</b>
	<b>(117,500)</b>	<b>(205,743)</b>	<b>(2,211,598)</b>	<b>(26,780)</b>	<b>(133,868)</b>
	<b>(10,300)</b>	<b>(204,722)</b>	<b>(68,552)</b>	<b>(10,000)</b>	<b>(2,989,063)</b>
	<b>(682,977)</b>	<b>826,634</b>	<b>(33,651)</b>	<b>110,006</b>	<b>110,006</b>

<sup>1</sup> Eliminations consist of 683 WTC, LLC's 95% share 683 Northland LLC's profit/loss.

<sup>2</sup> 683 Northland Master Tenant, LLC's 1% owner and Managing Member is 683 WTC, LLC. An investor-owned fund owns 99% of the entity.

# Buffalo Urban Development Corporation

## Proposed 2019 Budget and 3 Year Forecast

REVENUE	Budget 2019	Projected 2020	Projected 2021	Projected 2022
Grant Revenue	\$ 28,572,732	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Gross Proceeds from Land Sales	180,000	180,000	180,000	180,000
Less: Cost of Land Sales	(197,830)	(197,830)	(197,830)	(197,830)
Buffalo Brownfield Fund Revenue (net)	419,000	241,000	-	-
Developer Fees	5,000,000	-	-	-
Rental Income	2,301,659	2,000,000	2,000,000	2,000,000
BLCP Property Owners' Association	10,400	10,400	10,400	10,400
Interest Income & Fees - Loans	49,000	40,000	40,000	40,000
Investment Interest Income	5,000	5,000	5,000	5,000
Other Income	-	3,000	3,000	3,000
Total	36,339,961	4,281,570	4,040,570	4,040,570
<b>OPERATING EXPENSES</b>				
Property Operations & Maintenance	(116,175)	(115,000)	(118,000)	(120,000)
Legal	(110,000)	(110,000)	(110,000)	(110,000)
Insurance	(137,057)	(500,000)	(500,000)	(500,000)
Marketing	(41,000)	(45,000)	(48,000)	(50,000)
Utilities	(9,036)	(9,000)	(10,000)	(11,000)
Misc.	(10,000)	(15,000)	(15,000)	(15,000)
Consultants	(45,000)	(100,000)	(100,000)	(100,000)
General Development Expenses	(285,000)	(5,000)	(10,000)	(15,000)
Personnel Costs	(540,751)	(562,381)	(584,876)	(608,271)
Interest	(825,217)	(625,000)	(625,000)	(625,000)
Operating Expenses	(16,339)	(46,000)	(48,000)	(50,000)
Rent	(47,116)	(47,000)	(48,000)	(49,000)
ECIDA Management Fee	(60,000)	(50,000)	(52,000)	(54,000)
Audit	(24,300)	(9,000)	(9,250)	(9,550)
General & Administrative	(146,788)	(42,000)	(44,000)	(46,000)
Depreciation	(4,931,533)	(1,000)	(1,000)	(1,000)
Total	(7,345,312)	(2,281,381)	(2,323,126)	(2,363,821)
<b>Net Income / (Loss)</b>	<b>\$ 28,994,649</b>	<b>\$ 2,000,189</b>	<b>\$ 1,717,444</b>	<b>\$ 1,676,749</b>