

## **Buffalo Urban Development Corporation**

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

**Date: Tuesday, October 25, 2016**

**Time: Noon**

**Place: BUDC/ECIDA Offices, 95 Perry Street, 5<sup>th</sup> Floor Conference Room  
Buffalo, New York 14203**

#### **1.0 CALL TO ORDER**

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

#### **3.0 MONTHLY FINANCIAL REPORT (Action) (Enclosure)**

#### **4.0 NEW BUSINESS**

4.1 Proposed BUDC 2017 Budget & 2018 -2020 Forecast (Action) (Enclosure)

4.2 Northland Corridor – Schematic Design Service Order Approval (Action) (Enclosure)

4.3 Northland Corridor – Lease of 167 Winchester Avenue to WNY Mortgage Field Services (Information) (Enclosure)

4.4 Northland Corridor Project Update (Information)

4.5 Buffalo Building Reuse Project Update (Information)

4.6 Buffalo Lakeside Commerce Park Update (Information)

4.7 Information Package (Information)

#### **5.0 LATE FILES**

#### **6.0 TABLED ITEMS**

#### **7.0 EXECUTIVE SESSION**

#### **8.0 ADJOURNMENT (Action)**



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

**95 Perry Street  
Buffalo, New York 14203  
September 27, 2016  
12:00 p.m.**

**1.0 Call to Order**

Directors Present:

Thomas Beauford, Jr.  
Hon. Byron W. Brown (Chair)  
James W. Comerford  
Janique S. Curry  
Dottie Gallagher-Cohen  
Thomas R. Hersey, Jr.  
Brendan R. Mehaffy  
Kimberley A. Minkel  
David J. Nasca  
Dennis M. Penman (Vice Chair)  
Darius G. Pridgen  
Christopher J. Schoepflin  
Steven J. Stepniak  
Maria R. Whyte

Directors Absent:

Dennis W. Eisenbeck  
Thomas A. Kucharski  
Benjamin N. Obletz  
Craig A. Slater

Officers Present:

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

Others Present: Brian Akley, Gilbane Building Company; Sheldon Anderson, Office of NYS Assemblywoman Crystal D. Peoples-Stokes; Joel Beharrilall, CASNY; Garry Bowling, 3480 Group; Jim Clemon, The OutSource Center; Jonathan Epstein, *The Buffalo News*; James Fink, *Buffalo Business First*; Spencer Gaskin, The OutSource Center; William J. Gilbane III, Gilbane Building Company; Robin Hoch, Performance Solutions Services, Inc.; Gwen Howard, Foit-Albert Associates; John Larow, Gilbane Building Company; Keith Leal, Gilbane Building Company; Terry LoConte, Gilbane Building Company; Katrinna Martin, The OutSource Center; Marc Pope, Office of NYS Senator Timothy Kennedy; Dolly Randle, CASNY; Carol Sampson, NYPA; Thurman Thomas, 3480 Group; Rod Watson, *The Buffalo News*; and Shalitta Yancey, CASNY.

**Roll Call** – The Secretary called the roll of directors at 12:15 p.m. and a quorum was determined to be present. Mayor Brown joined the meeting during the presentation of item 3.0. Mr. Mehaffy joined the meeting during the presentation of item 4.0.

- 2.0 Presentation of the Minutes** – The minutes of the August 30, 2016 meeting of the Board of Directors were presented. Mr. Stepniak made a motion to approve the meeting minutes. The motion was seconded by Ms. Whyte and unanimously carried.

**3.0 Monthly Financial Report** – Mr. Bach presented the monthly financial report for the period ending August 31, 2016. The unrestricted cash balance at the end of the period was \$2,051,802 and the net position at the end of the period was \$15,546,533. Year-to-date revenue was \$2,157,508 and year-to-date expenses were \$1,347,572, resulting in year-to-date net income of \$809,936. Mr. Comerford made a motion to accept the financial report. The motion was seconded by Mr. Nasca and unanimously carried.

#### **4.0 New Business**

**4.1 Northland Corridor – Presentation by Gilbane Building Company Team** – Mr. Cammarata began the discussion by circulating a one-page overview of the construction management at risk method of project delivery and the construction manager's role in the pre-construction and construction phases. He then introduced William J. Gilbane III, Senior Vice President of Gilbane Building Company. Mr. Gilbane presented a brief overview of his company, noting that Gilbane has been active in Buffalo-area construction projects since 1996. Mr. Gilbane discussed Gilbane's strategic partnership with the 3480 Group for this project. He then introduced representatives from the team, including Thurman Thomas (3480 Group), John Larow (Gilbane), Terry LoConte (Gilbane), Gwen Howard (Foit-Albert), Keith Leal (Gilbane), Robin Hoch (Performance Solutions), Dolly Randle (CASNY) and Garry Bowling (3480 Group), each of whom briefly outlined their respective roles in the project. Specific team members then presented on various topics relating to the project. In discussing construction management costs, Mr. Larow noted that the CM fee represents a small percentage of the overall project budget and that between 43 and 51 million dollars of construction contracts will be bid out for this project, creating substantial workforce participation opportunities for the local community and M/WBE firms. Ms. Randle presented an overview of community outreach services to engage the local community in employment and related project opportunities. Mr. LoConte, Mr. Leal, Ms. Howard and Ms. Hoch reviewed with the Board construction-related matters including the project schedule, cost control strategies and alternative energy opportunities involving the project. Mr. Thomas reviewed a broadband initiative to facilitate more affordable internet connectivity in the project area and surrounding local community.

Mayor Brown thanked the Gilbane team for its presentation and commented on the importance of M/WBE and workforce participation for the project. Mr. Stebbins then presented a recap to the Board of the construction management procurement process as detailed in the August 30, 2016 memorandum to the Board. Mr. Stebbins noted that an MBE goal of 25% and WBE goal of 5% applies to the construction management services for the project and that the Gilbane team's approach to accomplishing these goals and its strategy for community outreach was superior to the other two short-listed firms. Ms. Curry commented that the Gilbane team approach recognizes the importance of local workforce development and building a community through this project.

A Board discussion followed. In response to a question from Mr. Pridgen, Mr. Stebbins indicated that members of the Gilbane project team cannot be replaced without BUDC consent. Ms. Curry provided further clarification regarding compliance with M/WBE requirements. Mr. Stebbins indicated that BUDC follows NYS M/WBE requirements in compliance with NYS funding source requirements. Mr. Pridgen indicated that his concern is that BUDC is missing an opportunity to open up this work up to local companies and the local workforce. Mayor Brown agreed that local workforce participation in the project is critical, and noted that the procurement process was structured to maximize local workforce participation and M/WBE requirements. Mr. Pridgen commented that the Board should engage in a broader policy discussion and establish its own policy. Ms. Gallagher-Cohen commented that she is confident in the procurement process undertaken by BUDC executive staff and the selection committee. She reiterated the importance of local companies benefitting from this project and encouraged Gilbane to engage the local community. Mr. Cammarata indicated that BUDC executive staff is looking into the formation of a new committee to address the policy issues being raised by Board members. The Board

discussion concluded with comments from Ms. Whyte, who agreed with the need for a policy and indicated that Erie County is looking at similar issues.

**5.0 Late Files** – None.

**6.0 Tabled Items**

**6.1 Northland Corridor – Construction Management Consultant Recommendation** – Mr. Penman made a motion to remove from the table a motion described in the August 30, 2016 memorandum to the Board to retain the Gilbane team to provide construction management services for the Northland Corridor redevelopment project. The motion was seconded by Mr. Nasca and unanimously carried.

Mr. Penman then made a motion to authorize a contract with Gilbane Building Company and their team to provide pre-construction and construction management services for the Northland Corridor redevelopment project, specifically the construction of the WNY Workforce Training Center and the core and shell renovation of 683 Northland Avenue to house the WTC, and to authorize the President or Executive Vice President to take such actions as are reasonably necessary to implement this action. The motion was seconded by Mr. Beauford and, upon vote of the Board, was carried with twelve affirmative votes (12-1-1), with Mr. Schoepflin abstaining and Mr. Pridgen voting against.

**7.0 Executive Session** – None.

**8.0 Adjournment** – There being no further business to come before the Board, upon motion made by Mr. Pridgen, seconded by Ms. Curry and unanimously carried, the September 27, 2016 meeting of the Board of Directors was adjourned at 1:45 p.m.

Respectfully submitted,

  
Kevin J. Zanner, Secretary

**Buffalo Urban Development Corp**  
**Financial Statements**  
as of September 30, 2016

**Buffalo Urban Development Corporation (BUDC)**

**Balance Sheet**

**September 30, 2016**

	<b>September 2016</b>	<b>August 2016</b>	<b>Dec 2015</b>
<b>Assets</b>			
Cash*	\$ 1,823,842	\$ 2,051,802	\$ 2,570,197
Cash - Downtown Revolving Loan Fund*	540,172	533,297	783,651
Cash - Buffalo Brownfields Redevelopment Fund **	2,088,869	2,088,697	2,307,680
Cash - Regionally Significant Project Fund ***	91,854	91,850	85,008
Loans Receivable	1,500,000	1,500,000	-
Prepaid/Deferred Expenses	44,087	52,478	15,165
Grant Receivable	2,055,176	2,055,176	2,207,519
Due from BBRC	20,000	20,000	20,000
Fixed Assets, net	11,579	12,053	15,847
Land/Buildings - Northland Corridor, net	4,488,546	4,500,265	4,594,022
Land & Improvements Held For Sale - BLCF	3,996,668	3,996,668	3,996,668
	<u>\$ 16,660,791</u>	<u>\$ 16,902,286</u>	<u>\$ 16,595,757</u>
<b>Liabilities and Net Assets</b>			
<b>Liabilities:</b>			
Accounts Payable and Accrued Expenses	\$ 53,973	\$ 51,439	\$ 242,338
Due to ECIDA	36,991	32,166	43,616
Promissory Note Payable	257,381	257,381	257,381
Unearned Grant Income	899,206	1,014,767	1,315,824
Total Liabilities	<u>1,247,551</u>	<u>1,355,752</u>	<u>1,859,160</u>
<b>Net Assets</b>	15,413,241	15,546,533	14,736,597
	<u>\$ 16,660,791</u>	<u>\$ 16,902,286</u>	<u>\$ 16,595,757</u>

Monthly Investment Report:

- \* Cash is invested in interest-bearing accounts at First Niagara Bank at a rate of 0.10% (0% for Downtown and Northland accounts). The maximum FDIC insured amount is \$250,000, with the remainder collateralized (secured) with eligible securities by First Niagara Bank.
- \*\* The Buffalo Brownfields Redevelopment Fund is held by the ECIDA on behalf of BUDC for Eligible Project Costs at Buffalo Lakeside Commerce Park & Riverbend. The fund is invested in an interest-bearing account at First Niagara Bank at a rate of 0.10%. The maximum FDIC insured amount for this and the other ECIDA First Niagara accounts is \$250,000, with the remainder collateralized (secured) with eligible securities by First Niagara Bank. Note: Rate was reduced effective March 2014 from 0.15%.
- \*\*\* The Regionally Significant Project Fund is held by the ECIDA on behalf of BUDC for economic development and planning goals established by the BUDC Board. The fund is invested in an interest-bearing account at First Niagara Bank at a rate of 0.05%. The maximum FDIC insured amount for this and the other ECIDA First Niagara accounts is \$250,000, with the remainder collateralized (secured) with eligible securities by First Niagara Bank.

Note that funds will be held by KeyBank effected 10/12/2016.

**Buffalo Urban Development Corporation (BUDC)**  
**Income Statement**  
**Month of September 2016**

	<b>Actual vs. Budget</b>		
	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
<b>REVENUE</b>			
Grant Revenue	\$ 115,561	\$ 112,000	\$ 3,561
Gross Proceeds from Land Sales	-	-	-
Less: Cost of Land Sales	-	-	-
Buffalo Brownfield Fund Revenue (net)	-	-	-
Regionally Significant Project Fund (net)	-	-	-
Rental Income	-	-	-
Interest Income & Fees - Loans	6,875	7,009	(134)
Investment Interest Income	337	333	4
Other Income	-	-	-
<b>Total</b>	<b>122,772</b>	<b>119,342</b>	<b>3,430</b>
<b>OPERATING EXPENSES</b>			
Property Operations & Maintenance	\$ 24,667	\$ 8,667	\$ 16,001
Legal	7,835	10,833	(2,998)
Insurance	10,391	10,625	(234)
Marketing/Public Outreach	-	3,333	(3,333)
Utilities	1,748	6,250	(4,502)
Misc.	915	1,083	(168)
Consultants	142,575	140,000	2,575
General Development Expenses	-	-	-
Personnel Costs	44,535	33,447	11,088
Interns	2,891	2,083	808
Rent	1,550	1,600	(50)
ECIDA Management Fee	3,500	3,500	-
Audit	-	-	-
General & Administrative	3,265	2,500	765
Depreciation	12,194	9,875	2,319
<b>Total</b>	<b>256,065</b>	<b>233,796</b>	<b>22,269</b>
<b>Net Income / (Loss)</b>	<b>\$ (133,293)</b>	<b>\$ (114,454)</b>	<b>\$ (18,839)</b>

**Buffalo Urban Development Corporation (BUDC)**  
**Income Statement**  
**YTD September 30, 2016**

	Actual vs. Budget			Actual vs. Prior Year		
	Actual	Budget	Variance	Actual	Prior Yr.	Variance
<b>REVENUE</b>						
Grant Revenue	\$ 1,922,624	\$ 1,670,500	\$ 252,124	\$ 1,922,624	\$ 4,752,410	\$(2,829,786)
Gross Proceeds from Land Sales	-	-	-	-	-	-
Less: Cost of Land Sales	-	-	-	-	-	-
Buffalo Brownfield Fund Revenue (net)	286,186	281,672	4,514	286,186	286,625	(439)
Regionally Significant Project Fund (net)	6,813	6,813	(0)	6,813	6,813	(0)
Rental Income	-	-	-	-	-	-
Interest Income & Fees - Loans	47,172	63,083	(15,911)	47,172	11,634	35,538
Investment Interest Income	4,711	3,000	1,711	4,711	4,914	(203)
Other Income	12,775	-	12,775	12,775	52,969	(40,194)
<b>Total</b>	<b>2,280,280</b>	<b>2,025,067</b>	<b>255,213</b>	<b>2,280,280</b>	<b>5,115,365</b>	<b>(2,835,085)</b>
<b>OPERATING EXPENSES</b>						
Property Operations & Maintenance	\$ 295,118	\$ 78,000	\$ 217,118	\$ 295,118	\$ 109,208	\$ 185,910
Legal	82,376	97,500	(15,124)	82,376	135,401	(53,025)
Insurance	99,902	95,625	4,277	99,902	77,871	22,031
Marketing/Public Outreach	15,643	30,000	(14,357)	15,643	13,972	1,671
Utilities	16,446	56,250	(39,804)	16,446	2,128	14,318
Misc.	2,515	9,750	(7,235)	2,515	2,803	(288)
Consultants	564,196	562,500	1,696	564,196	259,150	305,046
General Development Expenses	26	-	26	26	2,169	(2,144)
Personnel Costs	314,529	301,020	13,509	314,529	292,074	22,455
Interns	15,992	18,750	(2,758)	15,992	13,846	2,146
Rent	14,054	14,398	(343)	14,054	13,927	127
ECIDA Management Fee	31,500	31,500	-	31,500	45,000	(13,500)
Audit	12,150	12,150	-	12,150	11,900	250
Grant to BBRC	-	-	-	-	-	-
General & Administrative	29,447	22,500	6,947	29,447	20,345	9,102
Repayment to City of Buffalo	-	-	-	-	-	-
Loan Loss Expense	-	-	-	-	-	-
Depreciation	109,743	88,875	20,868	109,743	9,000	100,743
<b>Total</b>	<b>1,603,637</b>	<b>1,418,818</b>	<b>184,819</b>	<b>1,603,637</b>	<b>1,008,794</b>	<b>594,843</b>
<b>Net Income / (Loss)</b>	<b>\$ 676,643</b>	<b>\$ 606,250</b>	<b>\$ 70,393</b>	<b>\$ 676,643</b>	<b>\$ 4,106,571</b>	<b>\$(3,429,928)</b>



## Buffalo Urban Development Corporation

### Income Statement - by Project

YTD September 30, 2016

	BBRP -					Total
	BLCP*	BBRP**	Downtown Loan Fund	Northland	Corporate Operations	
<b>REVENUE</b>						
Grant Revenue						
ESDC/City of Buffalo - City by City	\$	-	\$ 1,250,000	\$ 597,178	\$	\$ 1,847,178
NYS Dept. of State						
Niagara River Greenway Commission						
ECIDA/Other		75,447				75,447
Gross Proceeds from Land Sales						
Less: Cost of Land Sales						
Buffalo Brownfield Fund Revenue (net)					286,186	286,186
Regionally Significant Project Fund (net)					6,813	6,813
Designated Developer Fees						
Interest Income & Fees - Loans			47,172			47,172
Investment Interest Income					4,711	4,711
Other Income	12,275	500				12,775
<b>Total</b>	<b>12,275</b>	<b>75,947</b>	<b>1,297,172</b>	<b>597,178</b>	<b>297,709</b>	<b>2,280,280</b>
<b>OPERATING EXPENSES</b>						
Property Operations & Maintenance	\$ 56,669	\$	\$ 238,318	\$	\$	\$ 295,118
Legal	2,000	1,920	39,006	39,450	82,376	82,376
Insurance	11,728	-	73,713	14,461	99,902	99,902
Marketing	1,295	5,217	7,571	1,360	15,643	15,643
Utilities	763	-	15,683	-	16,446	16,446
Misc.	-	-	-	2,515	2,515	2,515
Consultants	2,125	340	(2,250)	561,531	2,450	564,196
General Development Expenses	-	26	-	-	-	26
Personnel Costs	-	60,417	-	254,111	15,992	314,529
Interns	-	-	-	15,992	15,992	15,992
Rent	-	-	-	14,054	14,054	14,054
ECIDA Management Fee	-	-	-	31,500	31,500	31,500
Audit	-	-	-	12,150	12,150	12,150
General & Administrative	-	-	-	29,447	29,447	29,447
Depreciation	-	-	105,476	4,268	109,743	109,743
<b>Total</b>	<b>74,580</b>	<b>67,920</b>	<b>(2,050)</b>	<b>1,041,297</b>	<b>421,758</b>	<b>1,603,637</b>
<b>Net Income / (Loss)</b>	<b>\$ (62,305)</b>	<b>\$ 8,027</b>	<b>\$ 1,299,222</b>	<b>\$ (444,120)</b>	<b>\$ (124,049)</b>	<b>\$ 676,643</b>

\* Buffalo Lakeside Commerce Park

\*\* Buffalo Building Reuse Project (Downtown Buffalo)

**Buffalo Urban Development Corporation**

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**Item 4.1**

**MEMORANDUM**

**TO: Buffalo Urban Development Corporation Board of Directors**  
**FROM: Dennis Penman, Chair – Audit and Finance Committee**  
**Mollie Profic - Treasurer**  
**SUBJECT: Proposed BUDC 2017 Budget & 2018-2020 Forecast**  
**DATE: October 25, 2016**

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On September 19, 2016, the Proposed 2017 Budget for Buffalo Urban Development Corporation was presented to the Audit and Finance Committee members for their review and comment. A copy of the “draft” budget is attached to this memorandum. The Committee unanimously recommends that the Proposed 2017 Budget be approved by the BUDC Board of Directors for submission to the Authority Budget Office by the November 1 deadline.

**Action**

I am requesting that the Board of Directors approve the Proposed 2017 Budget & 2018-2020 Forecast for Buffalo Urban Development Corporation.

# **Buffalo Urban Development Corporation**

## **2017 Draft Budget**

**Presented to the Board of Directors October 25, 2016**



# **Buffalo Urban Development Corp.**

## **2017 Budget**

Attached for your review and comments is the proposed budget for Buffalo Urban Development Corp (“BUDC”) for the fiscal year ending December 31, 2017.

### **A. Overview:**

Throughout 2016, BUDC has made significant progress in advancing the “Northland Corridor Redevelopment Project” on Buffalo’s East Side. This development project began in late 2014 with the acquisition of the 11-acre former Houdaille Industries / Vibrattech facility at 537 East Delavan Avenue. In 2015, an additional 40 acres of property were acquired that included four additional buildings. The construction management team has been selected and a contractor will soon be solicited to initiate remediation and renovation of these properties in order to transform them from underutilized eyesores to productive commercial facilities, including a 100,000 square foot, \$44 million advanced manufacturing and clean energy Workforce Training Center at 683 Northland Avenue. Additionally, firms have been engaged to perform work related to the historical preservation and brownfield tax credits that will be obtained throughout this project.

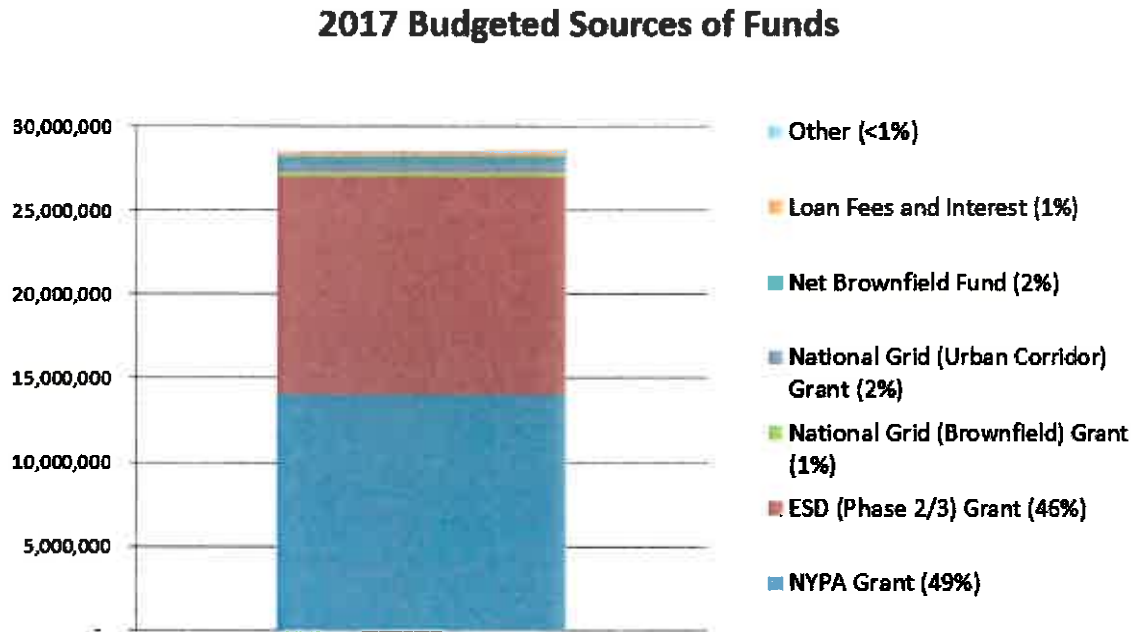
In 2017, BUDC will continue with the implementation of the Buffalo Building Reuse Project (“BBRP”). BUDC is in the process of funding loans through the BBRP Loan Program. In 2016, with assistance from the Buffalo Niagara Partnership and the New York State Business Development Council, BUDC successfully leveraged additional private bank funding to add to the BBRP Revolving Loan pool, allowing BUDC to fund additional adaptive reuse projects that add to downtown’s residential base. BUDC also utilized the previously released Infrastructure & Public Realm Master Plan as a guide for strategic infrastructure investments for a more cohesive and vibrant downtown. The guidance of the Master Plan was critical in BUDC’s preparation of two successful grant applications for Infrastructure improvements to Franklin Street as well as the planning and design of a series of parks along Erie Street in downtown Buffalo. The Queen City Pop Up Program was created to encourage small business retail along Main Street. This on-going program acts as a spring board for small business retailers by allowing them to set up shop on downtown Main Street on a temporary basis, rent free. The program has already resulted in 7 retailers opening permanent stores along downtown Main Street. BUDC’s 2016 Downtown Development Guide was released to highlight development projects, demographics, statistics and development tools as part of a comprehensive strategy to foster relationships with national developers and investors to further downtown Buffalo’s development and growth. The Downtown Development Guide has been an important and useful tool that has generated additional interest in downtown investment opportunities. BUDC plans to continue this initiative with the release of the 2017 Downtown Development Guide.

Finally, in 2017, BUDC will continue to operate and market the Buffalo Lakeside Commerce Park (“BLCP”). The 2017 budget assumes that 10 acres of BLCP property will be sold for gross proceeds of \$300K.

# Buffalo Urban Development Corp. 2017 Budget

## B. Sources of BUDC Funds:

The following chart summarizes the significant sources of the \$28.6M in funds that have been budgeted for BUDC projects in 2017:



The key sources of BUDC funds are as follows:

- (1) **New York Power Authority (“NYPA”) Grant Income** – In 2017, BUDC is expected to receive \$15M in grant funds from NYPA (of which \$1M will be held back) for the WNY Workforce Training Center development.
- (2) **Empire State Development (“ESD”) Grant Income** – In 2017, BUDC is expected to receive a “phase 2” and “phase 3” grant of \$9M and \$6M, respectively, of which 10% will be held back on each grant. These monies will be used for various aspects of the Northland Corridor Redevelopment Project.
- (3) **National Grid Grant Income** – In 2017, BUDC is expected to receive multiple grants from National Grid. These are expected to consist of a \$300K Brownfield grant, a \$500K Urban Corridor grant and a \$5K strategic marketing grant. These monies will be primarily used for various aspects of the Northland Corridor Redevelopment Project.
- (4) **Buffalo Brownfields Redevelopment & RSP Funds-net (“Brownfields Fund”)** – The Brownfields Fund was established in 2005 to pay for certain costs in connection with the development of subsequent phases of the Buffalo Lakeside Commerce Park (“BLCP”) and, after completion of the Park, similar brownfield projects located in Buffalo. In 2017, the Brownfields Fund is expected to receive approximately \$489K in net PILOT receipts from Cobey Inc., Certainteed Corp. and Sonwil Distribution. As a result of the completion of BLCP, BUDC utilizes this fund for operating costs at BLCP and development of the Northland Corridor.

# Buffalo Urban Development Corp. 2017 Budget

## B. Sources of BUDC Funds (Continued):

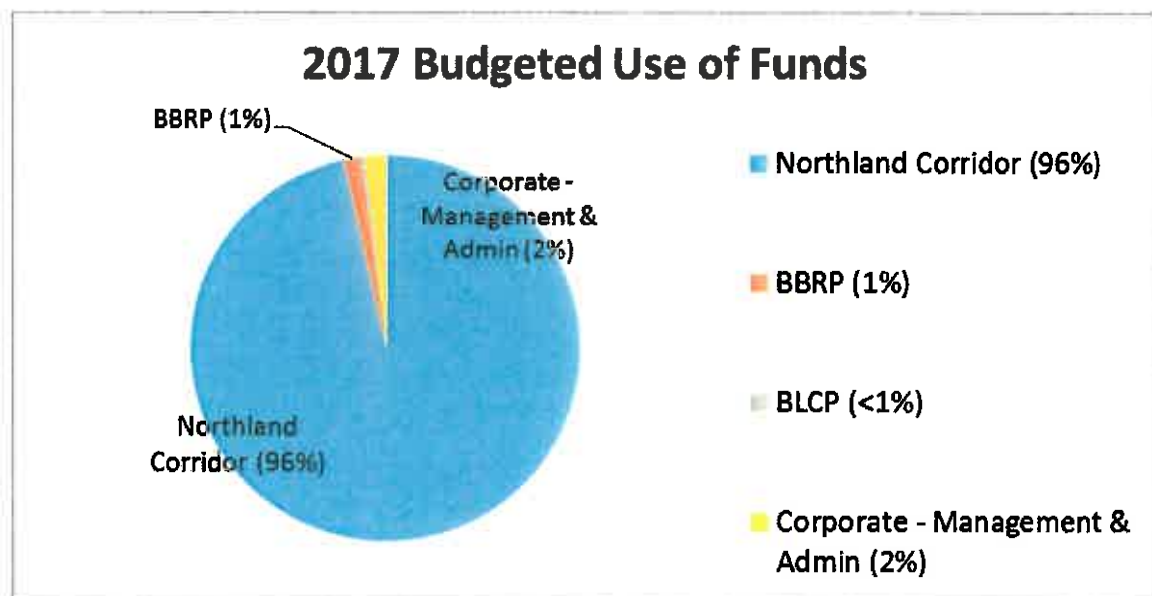
(5) **Loan Interest Income & Fees** – In 2017, BUDC is expected to have a joint BUDC/private sector loan fund with an average of approximately \$3 million in Downtown loans outstanding. The net loan fee and interest revenue attributable to these loans is approximately \$165K (loans bear interest at 5.5% and are interest only throughout 2017), plus the Corporation is anticipating collection 1% commitment fees on approximately 5 new loans averaged \$600K, which will result in an additional \$30K of revenues.

(6) **Other Income** – Other income totaling approximately \$113K reflects the following:

- a. \$75K grant from the Erie County Industrial Development Agency.
- b. \$20K of rental income (one tenant confirmed as of 9/13/2016, accounting for approximately \$5K of income).
- c. BUDC anticipates the sale of approximately 10 acres of property at BLCP, accounting for gross proceeds of \$300K less all costs, netting to a loss of approximately \$86K.
- d. \$8K of investment interest income.

## C. Uses of BUDC Funds:

In 2017, BUDC is expected to spend approximately \$28.8M as outlined in the following chart:



The key uses of BUDC funds are as follows:

(1) **Northland Corridor** – As part of the continuing Northland Corridor project, BUDC anticipates spending \$500K on consulting and general development costs for the various properties, \$27M for further property development and construction and \$211K in operating costs including: management of the property, utilities, maintenance, security, legal, insurance, marketing and taxes.

**Buffalo Urban Development Corp.**  
**2017 Budget**

**C. Uses of BUDC Funds (Continued):**

- (2) **BBRP** – The Buffalo Building Reuse Project anticipates spending \$403K in total. \$143K is anticipated to be spent for personnel, marketing, administrative and legal costs; \$10K is expected to be spent on the downtown pop-up project and \$250K for the urban corridor development.
- (3) **BLCP**– In 2017, BUDC will spend \$111K for operations and maintenance costs of Ship Canal Commons, less an anticipated contribution of \$15K from the Property Owners’ Association. Ongoing costs, including legal, insurance, marketing and other administrative costs will total an additional \$52K.
- (4) **Corporate – Management & Administrative** – In 2017, BUDC is budgeted to spend \$353K on management and administrative costs. This includes salary and benefit costs for Peter Cammarata (President) and David Stebbins (Executive Vice President) of \$328K. In addition, \$42K in other administrative, financial and property management services provided by ECIDA staff are budgeted to be reimbursed based on the number of hours ECIDA employees devote to these activities. The remainder of the management & administrative costs include: legal (\$35K), interns (\$20K), rent (\$19K), insurance (\$20K), audit (\$11K), and marketing (\$10K).

**Buffalo Urban Development Corporation ("BUDC")  
2017 Budget**

<b>REVENUE</b>	<b>Budget 2017</b>	<b>Projected 2016</b>	<b>YTD July 2016</b>	<b>Actual 2015</b>
Grant Revenue				
NYPA	\$ 14,000,000	\$ -	\$ -	\$ -
ESD (Phases 2 and 3)	13,000,000	1,851,564	1,034,908	4,956,829
National Grid - Brownfield	300,000	-	-	152,245
National Grid - Urban Corridor Program	500,000	1,000	-	13,472
National Grid - Strategic Marketing	5,000	-	-	-
ECIDA	75,000	76,555	59,313	120,292
Other	-	-	-	285
Gross Proceeds from Land Sales	300,000	-	-	-
Less: Cost of Land Sales	(385,660)	-	-	-
Buffalo Brownfield Fund Revenue (net)	471,000	475,000	226,766	490,779
Regionally Significant Project Fund (net)	18,000	22,000	6,813	21,518
Rental Income	20,000	-	-	-
Interest Income & Fees - Loans	195,000	62,654	33,422	17,994
Investment Interest Income	8,000	6,838	3,989	6,138
Other Income	-	12,275	12,275	53,479
<b>Total</b>	<b>28,506,340</b>	<b>2,507,886</b>	<b>1,377,485</b>	<b>5,833,031</b>
<b>OPERATING EXPENSES</b>				
Property Operations & Maintenance	(104,000)	(441,691)	(257,653)	(151,142)
Less: Property Owners' Association	15,000	-	-	-
Legal	(115,000)	(120,000)	(67,655)	(165,622)
Insurance	(115,000)	(127,500)	(79,029)	(108,382)
Marketing	(55,000)	(25,753)	(15,023)	(35,470)
Utilities	(30,000)	(21,323)	(12,439)	(10,303)
Misc.	(13,000)	(2,311)	(1,348)	(3,650)
Consultants	(250,000)	(490,380)	(286,055)	(602,355)
General Development Expenses	(505,000)	(500,044)	(26)	(2,169)
Personnel Costs	(426,400)	(402,749)	(234,937)	(387,069)
Interns	(20,000)	(18,426)	(10,749)	(21,693)
Rent	(18,809)	(18,779)	(10,954)	(18,767)
ECIDA Management Fee	(42,000)	(42,000)	(24,500)	(38,637)
Audit	(11,400)	(12,150)	(12,150)	(11,900)
General & Administrative	(30,000)	(43,036)	(25,104)	(41,310)
Depreciation	(118,500)	(118,500)	(85,356)	(146,325)
<b>Total</b>	<b>(1,839,109)</b>	<b>(2,384,643)</b>	<b>(1,122,978)</b>	<b>(1,744,794)</b>
<b>Net Income / (Loss)</b>	<b>\$ 26,667,231</b>	<b>\$ 123,244</b>	<b>\$ 254,507</b>	<b>\$ 4,088,237</b>
<b>CAPITAL/LOAN FUND BUDGET</b>				
Property Acquisition	(27,050,000)	-	-	(4,243,827)
Leasehold improvements & equipment	-	-	-	(19,527)
<b>CASH FLOW ADJUSTMENTS</b>				
Cost of Land Sales	340,660	-	-	-
Depreciation	118,500	118,500	85,356	146,325
Principal Repayments - loans	-	-	-	750,000
<b>Net Cash Increase/(Decrease)</b>	<b>\$ 76,391</b>	<b>\$ 241,744</b>	<b>\$ 339,863</b>	<b>\$ 721,207</b>



**Buffalo Urban Development Corporation  
2017 Budget - Project Detail**

	BLCP*	BBRP**	Northland Corridor	Corporate Operations	Total
<b>REVENUE</b>					
Grant Revenue					
NYPA			\$ 14,000,000		\$ 14,000,000
ESD (Phases 2 and 3)			13,000,000		13,000,000
National Grid - Brownfield			300,000		300,000
National Grid - Urban Corridor Program		250,000	250,000		500,000
National Grid - Strategic Marketing		5,000			5,000
ECIDA		75,000			75,000
Gross Proceeds from Land Sales	300,000				300,000
Less: Cost of Land Sales + closing costs	(385,660)				(385,660)
Buffalo Brownfield Fund Revenue (net)				471,000	471,000
Regionally Significant Project Fund (net)				18,000	18,000
Rental Income			20,000		20,000
Interest Income & Fees - Loans		189,640		5,360	195,000
Investment Interest Income				8,000	8,000
Total	(85,660)	519,640	27,570,000	502,360	28,506,340
<b>OPERATING EXPENSES</b>					
Property Operations & Maintenance	(59,000)		(45,000)		(104,000)
Less: Property Owners' Association	15,000				15,000
Legal	(25,000)	(15,000)	(40,000)	(35,000)	(115,000)
Insurance	(14,000)		(81,000)	(20,000)	(115,000)
Marketing	(5,000)	(25,000)	(15,000)	(10,000)	(55,000)
Utilities			(30,000)		(30,000)
Misc.	(3,000)	(10,000)			(13,000)
Consultants			(250,000)		(250,000)
General Development Expenses	(5,000)	(250,000)	(250,000)		(505,000)
Personnel Costs		(98,235)		(328,166)	(426,400)
Interns				(20,000)	(20,000)
Rent				(18,809)	(18,809)
ECIDA Management Fee				(42,000)	(42,000)
Audit				(11,400)	(11,400)
General & Administrative		(5,000)		(25,000)	(30,000)
Depreciation			(117,500)	(1,000)	(118,500)
Total	(96,000)	(403,235)	(828,500)	(511,374)	(1,839,109)
<b>Net Income / (Loss)</b>	(181,660)	116,405	26,741,500	(9,014)	26,667,231
<b>CAPITAL/LOAN FUND BUDGET</b>					
Property Acquisition			(27,050,000)		(27,050,000)
Equipment					
Total			(27,050,000)		(27,050,000)
<b>CASH FLOW ADJUSTMENTS</b>					
Cost of Land Sales	340,660				340,660
Depreciation			117,500	1,000	118,500
Net Cash Increase/(Decrease)	\$ 159,000	\$ 116,405	\$ (191,000)	\$ (8,014)	\$ 76,391
<b>Composed of:</b>					
Net increase in Buffalo Brownfields Fund					164,000
Net increase in RSP Fund					18,000
Net decrease in Operating account/Downtown Fund					(105,609)
					<u>\$ 76,391</u>

\* Buffalo Lakeside Commerce Park

\*\* Buffalo Building Reuse Project

## Buffalo Urban Development Corporation ("BUDC") 2017-2020 Proposed Operating/Downtown Cash Budget

	Proposed Budget 2017	Projected 2018	Projected 2019	Projected 2020
<b>Operating Cash Inflow:</b>				
Net Proceeds from Land Sales	255,000	150,000	55,000	55,000
Grant Revenue - ECIDA	75,000	-	-	-
Grant Revenue - Other	5,000	-	-	-
Interest Income & Fees - Loans	195,000	143,110	144,485	120,485
Rental Income	20,000	30,000	40,000	45,000
Investment Interest Income	8,000	6,000	4,000	4,000
Other Income	-	-	-	-
Total	558,000	329,110	243,485	224,485
<b>Operating Cash Outflow:</b>				
Legal	(50,000)	(60,000)	(65,000)	(75,000)
Insurance	(20,000)	(20,000)	(20,000)	(20,000)
Marketing	(35,000)	(36,000)	(37,000)	(38,000)
Misc.	(10,000)	(10,000)	(10,000)	(10,000)
Personnel Costs	(426,400)	(439,192)	(452,368)	(465,939)
Interns	(20,000)	(25,000)	(25,000)	(25,000)
Rent	(18,809)	(20,000)	(20,000)	(20,000)
ECIDA Management Fee	(42,000)	(44,000)	(46,000)	(48,000)
Audit	(11,400)	(14,000)	(15,000)	(16,000)
General & Administrative	(30,000)	(31,000)	(32,000)	(33,000)
Total	(663,609)	(699,192)	(722,368)	(750,939)
<b>Net Operating Cash Inflow/(Outflow)</b>	<b>\$ (105,609)</b>	<b>\$ (370,082)</b>	<b>\$ (478,883)</b>	<b>\$ (526,454)</b>
Cash - Beginning of Year	\$ 2,500,000	\$ 2,394,391	\$ 2,024,308	\$ 1,545,425
Cash - End of Year	\$ 2,394,391	\$ 2,024,308	\$ 1,545,425	\$ 1,018,971

**Buffalo Urban Development Corporation**

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Item 4.2

**MEMORANDUM**

**TO: Buffalo Urban Development Corporation Board of Directors**  
**FROM: Peter M. Cammarata, President**  
**David A. Stebbins, Executive Vice President**  
**SUBJECT: Northland Corridor – Schematic Design Service Order Approval**  
**DATE: October 25, 2016**

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As per the March 29<sup>th</sup> Board of Directors action approving the selection and Master Services Agreement with Watts Architecture & Engineering (“Watts”) to provide complete final design services for the Northland Corridor Project and WNY Workforce Training Center, each individual Service Order is to be considered by the Real Estate Committee for recommendation and then submitted to the Board for approval. As previously mentioned, the total estimated cost for design services for the renovation of 683 Northland and the construction of the Workforce Training Center is approximately \$3.0 million, based on an overall Fee percentage of 7.5% on an estimated construction cost of approximately \$40 million.

Watts submitted a proposal for Service Order No. 10 for Schematic Design Services for the WNY Workforce Training Center and 683 Northland Core & Shell Improvements. Watts will provide the following services and deliverables:

1. Design and construction drawings at 30% completion;
2. Draft specifications in outline format;
3. A complete design report addressing code compliance, sustainability planning and Net Zero Energy goals, major building components and systems; and a
4. Cost estimate.

**Watts’ proposed Lump Sum Fee for this work is \$478,200.** As noted above, the estimated cost of the project is \$40 million. The typical range of total design fees based on a percentage of construction costs is 7-10%, with major building renovations for manufacturing and vocational education facilities towards the higher end of the range. The Schematic Design Phase is typically 12-25% of the overall design cost:

<u>Project Cost</u>	<u>Total Design Estimate</u>	<u>Watts SD Proposal</u>	<u>Percent</u>
\$40 million	\$3.0 million (@7.5%)	\$478,200	16%

As an initial step, staff and the project team reviewed the proposed Service Order with Watts, and negotiated reduced work scope and costs. In addition, BUDC staff obtained 3<sup>rd</sup> party/peer review from the Senior Architect for Empire State Development (Dennis Conroy), who indicated that overall fee is in the acceptable range of industry practice for the proposed services. Edward Watts, principal of Watts Architecture & Engineering, reviewed the scope of work with the BUDC Real Estate Committee at its October 18, 2016 meeting and responded to Committee

member questions and comments. The consensus of the Real Estate Committee members was to recommend that the Board of Directors approve the Service Order.

**Action**

We are requesting Board approval of Service Order No 10 for Schematic Design Services from Watts Architecture & Engineering for design services related to the Northland Corridor Project at a lump sum cost of \$478,200; and to authorize the President or Executive Vice President to execute the Service Order on behalf of BUDC.

**Buffalo Urban Development Corporation**

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**Item 4.3**

**MEMORANDUM**

**TO: Buffalo Urban Development Corporation Board of Directors**  
**FROM: Peter M. Cammarata, President**  
**SUBJECT: Northland Corridor – Lease of 167 Winchester to WNY Mortgage Field Services**  
**DATE: October 25, 2016**

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We are pleased to inform the Board that Mancuso Group and staff have attracted the first tenant to the Northland Corridor, in a portion of the former Houdaille facility. WNY Mortgage Field Services, a minority-owned business headed-up by Harvey Washington, is occupying 9,200 square feet of the former Houdaille loading dock building located at 167 Winchester.

Mr. Washington’s company specializes in home inspections, property condition reports, residential renovations and repairs, property maintenance, property management, and property preservation.

WNY Field Services has leased the space in “as is” condition. Mr. Washington is responsible for restoring any utility services to the building that he requires, and establishing utility service accounts in the name of WNY Field Services. He is currently working to secure the building, demise it from the remainder of the former Houdaille facility, make entry doors and delivery doors operable, repair fencing, and generally clean-up the exterior.

The term of the lease is one (1) year, commencing on October 1, 2016. NorDel I LLC has provided WNY Field Services with free rent for the first two (2) months, will charge \$500 per month for the following four (4) months, and will charge \$775.00 for the remainder of the term. A security deposit of \$900 has been paid and all insurance certificates are in place.

The total rent for the year is \$6,650. According to the Northland Corridor Leasing Policy, the President has the authority to negotiate and execute leases that are up to one (1) year in duration and under a \$15,000 annual threshold. The terms of the lease were presented to the Real Estate Committee as an information item at its meeting on September 20, 2016.