

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, December 19, 2023

Time: 12:00 noon

New Location: BUDC Offices, 95 Perry Street – Suite 404

Vista Room

Buffalo, NY 14202

1.0 CALL TO ORDER

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

3.0 MONTHLY FINANCIAL REPORTS *(Enclosure)*

3.1 683 Northland Master Tenant, LLC Financial Statements *(Information)*

3.2 BUDC Consolidated Financial Statements *(Action)*

4.0 NEW BUSINESS

4.1 683 Northland Project Phase II - Inter-Company Transactions *(Action) (Enclosure)*

4.2 683 Northland Avenue – Extension of KeyBank Line of Credit *(Action) (Enclosure)*

4.3 Northland Corridor Project Update *(Information)*

4.4 Buffalo's Race For Place Project Update *(Information)*

4.5 Ralph Wilson Park Project Update *(Information)*

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

5.0 LATE FILES

6.0 TABLED ITEMS

7.0 EXECUTIVE SESSION

8.0 ADJOURNMENT *(Action)*

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

***Center for Excellence in Bioinformatics & Life Sciences
701 Ellicott Street, 2nd Floor—The Event Space Conference Room B2-205
Buffalo, New York 14203***

**October 31, 2023
12:00 p.m.**

Directors Present:

Catherine Amdur
Trina Burruss
Scott Bylewski
Daniel Castle
Janique S. Curry
Darby Fishkin
Thomas Halligan
Elizabeth Holden
Thomas A. Kucharski
Nathan Marton
Brendan R. Mehaffy
Kimberley A. Minkel
David J. Nasca

Directors Absent:

Mayor Byron W. Brown (Chair)
Dennis W. Elsenbeck
Dottie Gallagher
Darius G. Pridgen
Dennis M. Penman (Vice Chair)
Karen Utz

Officers Present:

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

Guests Present: Jonathan Epstein, *The Buffalo News*; Alexis M. Florczak, Hurwitz Fine P.C.; Laurie Hendrix, ECIDA Administrative Coordinator; Talia Johnson-Huff, ECIDA Project and Facilities Manager; Brian Krygier, Director of IT, ECIDA; Antonio Parker, BUDC Project Manager; Angelo Rhodes, Northland Project Manager.

- 1.0** **Roll Call** – The meeting was called to order at 12:10 p.m. by Mr. Mehaffy who served as chair of the meeting. The Secretary called the roll of directors and a quorum of the Board was determined to be present. Mr. Marton joined the meeting during the presentation of agenda item 3.1, and Ms. Curry joined the meeting during the presentation of agenda item 3.2. Mr. Bylewski left the meeting during the presentation of agenda item 4.4.
- 2.0** **Approval of Minutes – September 26, 2023 Meeting** – The minutes of the September 26, 2023 meeting of the Board of Directors were presented. Ms. Amdur made a motion to approve the meeting minutes. The motion was seconded by Ms. Minkel and unanimously carried (11-0-0).

3.0 Monthly Financial Reports – Ms. Abidi presented for information purposes the financial statements for 683 Northland Master Tenant, LLC for the period ending September 30, 2023. She then presented the consolidated financial statements for BUDC and its affiliates, 683 Northland LLC and 683 WTC, LLC for the period ending September 30, 2023. Ms. Fishkin made a motion to accept the BUDC consolidated financial statements. The motion was seconded by Mr. Halligan and unanimously carried (13-0-0).

4.0 New Business

4.1 2024 683 Northland Master Tenant Budget – Ms. Abidi presented the proposed 2024 budget for 683 Northland Master Tenant, LLC for information purposes only. The budget projects a net cash increase of approximately \$476,286.

4.2 2024 BUDC Draft Budget & Three-Year Forecast – Ms. Abidi presented the proposed 2024 budget and 2025-2027 forecast. The Audit & Finance Committee met in September and October to review the proposed budget and is recommending the proposed budget for approval. Ms. Abidi reviewed the budget narrative and budgeted sources of revenue to be received by BUDC. In addition to corporate operations, BUDC funds are expected to be used on the following four project areas: Buffalo Lakeside Commerce Park, BBRP/Race for Place, Ralph Wilson Park, and the Northland Corridor. Ms. Abidi then reviewed the specific sources of funds and uses for each of the four project areas and corporate operations and the separate budget detail for the 683 Northland project. Following her presentation, the Board discussed the proposed budget and three-year forecast. In response to a question from Mr. Nasca, Ms. Gandour clarified that a portion of grant revenue received for the Northland Corridor project is anticipated to offset prior losses from the 683 Northland project. Mr. Nasca then made a motion to approve the 2024 budget and 2025-2027 forecast. The motion was seconded by Ms. Burruss and unanimously carried (13-0-0).

4.3 Northland Corridor – ESD Northland Corridor Redevelopment Grant Disbursement Agreement – Ms. Gandour presented her October 31, 2023 memorandum regarding the ESD Northland Corridor Redevelopment grant disbursement agreement. She noted that a portion of the grant award has been allocated to BUDC for cost recovery related to the 683 Northland project. The commitment fee of \$550,000 will be payable in installments over a five-year period, and BUDC intends to utilize funds from Buffalo Brownfields Redevelopment Fund (BBRF) for the first installment. Mr. Mehaffy asked about restrictions in the grant agreement relating to sale or disposition of the properties. Ms. Gandour responded that grant funds are subject to pro-rata recapture (on a five-year sliding scale) in the event that BUDC sells or transfers to a third party any project components financed with ESD grant funds within a five-year period without ESD consent. Ms. Curry asked when the cost recovery portion of the grant award would be made available to BUDC. Ms. Gandour indicated that the money will be available soon after the grant disbursement agreement is signed and that BUDC staff has already been working to identify past expenses that would be eligible for the cost recovery portion of the grant award. Ms. Merriweather thanked ESD for working with ESD on this grant and helping to address project sustainability. At the conclusion of the discussion, Ms. Holden made a motion to: (i) approve the acceptance of the Empire State Development RECAP grant award in the amount of 55 million dollars; (ii) approve BUDC's first installment of the commitment fee and reimbursement of ESD expenses in the amount of \$111,023.51, to be paid through the Buffalo Brownfields Redevelopment Fund; and (iii) authorize the President or Executive Vice President to execute the grant disbursement agreement with Empire State Development and take such other actions as may be necessary or appropriate to implement this action. The motion was seconded by Ms. Curry and unanimously carried (13-0-0).

4.4 Northland Corridor – 631 Northland Avenue A&E, Historic Preservation, Project Inspection, and Grant Administration Services – Mr. Rhodes presented his October 31, 2023 memorandum regarding a proposed contract for architectural/engineering, historic preservation, project inspection and grant administration services for the redevelopment of 631 Northland Avenue. Following his presentation, Ms. Merriweather commented that all the

prospective project team that BUDC interviewed for this work were strong candidates and well prepared. Wendel's energy efficiency expertise and its proposed goals for MWBE and SDVOB (which exceeded requirements) were strong factors in its favor. Mr. Castle asked whether the consultant is being retained for a specific term, noting that contract delays can result in higher A/E costs. Ms. Gandour indicated that the work is expected to take six to eight months and that payments will be structured based on the scope of work and contract milestones. In response to a question from Mr. Halligan, Ms. Gandour indicated that local labor utilization requirements would be addressed in the construction contract phase. At the conclusion of the discussion, Mr. Castle made a motion to: (i) authorize BUDC and/or an affiliated entity to enter into a contract with Wendel for architectural, historic preservation, engineering, project inspection, and grant administration services for the redevelopment of 631 Northland for an amount not exceed \$988,107, contingent on BUDC's execution of the grant disbursement agreement authorized in item 4.3 with ESD; (ii) and authorize the BUDC President or Executive Vice President to execute the contract and any related documents and agreements, and to take such other actions as may be necessary or appropriate to implement this authorization. The motion was seconded by Ms. Amdur and unanimously carried (12-0-0).

4.5 Ralph Wilson Park – Ralph C. Wilson, Jr. Foundation Grant Agreement #9 – Mr. Parker presented his October 31, 2023 memorandum regarding the 9th Ralph C. Wilson, Jr. Foundation Grant Agreement. Following his presentation, Mr. Kucharski made a motion to: (i) accept the \$14,000,000.00 grant award from the Ralph C. Wilson, Jr. Foundation for Phase 1 construction of Ralph Wilson Park; and (ii) authorize the BUDC President or Executive Vice President to execute the grant agreement and take such other actions as are necessary or appropriate to implement this action. The motion was seconded by Ms. Fishkin and unanimously carried (12-0-0).

4.6 Ralph Wilson Park– MVVA Contract Amendment No. 12 – Mr. Parker presented his October 31, 2023 memorandum regarding the 12th amendment to the BUDC-MVVA Master Service Agreement. In response to a question from Ms. Curry, Ms. Gandour stated that the Wilson Foundation is aware that funds used towards this amendment will be for value engineering services for Phases 1B and 2 of construction, and BUDC is working with the Wilson Foundation staff to ensure that the Wilson grant agreement reflects the use of the funding. At the conclusion of the discussion, Ms. Minkel made a motion to: (i) approve an amendment to the MVVA Agreement in an amount up to \$468,088 for early value engineering work to support phases 1B and 2 of construction at Ralph Wilson Park, contingent upon BUDC and the Wilson Foundation's execution of Wilson Grant Agreement #9 and approval from the Wilson Foundation that a portion of the Grant Agreement #9 funds can be used towards Phase 2 value engineering work; 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 Ms. Curry and unanimously carried (12-0-0).

4.7 Ralph Wilson Park – Seventh Amendment to BUDC-COB Wilson Foundation Subgrant Agreement – Mr. Parker presented his October 31, 2023 memorandum regarding the proposed Seventh Amendment to the BUDC-City of Buffalo subgrant agreement. In response to a question from Mr. Castle, Ms. Gandour clarified that cost increases to the Ralph Wilson Park project are due to escalated costs in the market and project elements moving to and from different phases of construction as construction of the project has commenced. Following the presentation, Mr. Castle made a motion to: (i) approve the seventh amendment to the BUDC-City of Buffalo subgrant agreement allowing BUDC to transfer up to \$13,500,000.00 from Wilson Grant 9 to the City of Buffalo for Phase 1 of the Project's construction, following BUDC and the Wilson Foundation's execution of Wilson Grant Agreement #9; and (ii) authorize the BUDC President or Executive Vice President to execute the Seventh Amendment to the Subgrant Agreement and take such other actions as are necessary to implement this authorization. The motion was seconded by Ms. Burruss and unanimously carried (12-0-0).

- 4.8 Buffalo Lakeside Commerce Park – Exclusivity Agreement with RAS Development Co. for 193 Ship Canal Parkway** – Ms. Gandour presented her October 31, 2023 memorandum regarding the proposed exclusivity agreement with RAS Development Co. for 193 Ship Canal Parkway. Ms. Curry made a motion to: (i) approve BUDC entering into an exclusivity agreement with RAS Development Company regarding 193 Ship Canal Parkway, consistent with the terms set forth in this memorandum; and (ii) authorize the President or Executive Vice President to execute the agreement and take such other actions as may be necessary or appropriate to implement this action. The motion was seconded by Mr. Castle and unanimously carried (12-0-0).
- 4.9 Buffalo Lakeside Commerce Park – Landscaping & Snow Plowing Services Contract** – Ms. Johnson-Huff presented her October 31, 2023 memorandum regarding the proposed landscaping and snow plowing services contract for Buffalo Lakeside Commerce Park. Ms. Minkel made a motion to: (i) authorize BUDC to enter into a contract with DMJ Property Services, Inc. for the lawn, landscape and snowplow services for Buffalo Lakeside Commerce Park for a total amount up to \$136,000 for the three (3) year contract period; and (ii) authorize the BUDC President or Executive Vice President to execute the contract and any related documents and agreements, and to take such other actions as may be necessary or appropriate to implement this authorization. The motion was seconded by Mr. Halligan and unanimously carried (12-0-0).
- 4.10 Buffalo Lakeside Commerce Park Project Update** – Ms. Gandour presented an update regarding Buffalo Lakeside Commerce Park. There have been no new inquiries regarding 80, 134, 158 and 200 Ship Canal Parkway. She also noted that a meeting of the Property Owners Association will be held in November. Ms. Merriweather reported that Zephyr has signed the three-party MOU for MWBE compliance services.
- 4.11 Northland Corridor Project Update** – Mr. Rhodes provided an update regarding the Northland Corridor. A request for proposals (RFP) was issued for property management and leasing services at Northland. An informational meeting was held on October 5th. Responses to the RFP are due November 8th. Mr. Rhodes also reported that BUDC and Labella held its final value engineering meeting regarding Phase 3 of the Northland project on October 30th. A community stakeholder meeting will be held within the next 2 months and bid documents will be released later this year.
- 4.12 Buffalo’s Race for Place Project Update** – Ms. Merriweather presented an update regarding Buffalo’s Race for Place. ECIDA has awarded BUDC a \$100,000 grant to be used towards BUDC’s Race for Place initiative. These grant funds will be used for Queen City Pop-Up, grant match requirements for the Waterfront Improvement Project, and project management costs for Race for Place. Ms. Merriweather also reported that the library underpass project has been completed. Project for Public Spaces will be coordinating an announcement regarding the underpass lighting project and two other projects in Buffalo that were selected for funding. Work on the Waterfront Improvement Project continues. BUDC and MIG met on Friday to review draft recommendations, which are anticipated to be finalized by the end of the year. BUDC, the City of Buffalo, and Buffalo Place are working on this year’s holiday Queen City Pop-Up program. Details regarding this year’s program will be announced soon. BUDC is collaborating with Invest Buffalo Niagara to promote the Western New York Region to the national media. These efforts have resulted in Nickelodeon’s “Nick News” highlighting Buffalo as a climate resilient city.
- 4.13 Ralph Wilson Park – Project Update Presentation** – Mr. Parker presented an update regarding the Ralph Wilson Park project. Construction at the Park continues. The armored slope seawall is being constructed, and stones are being strategically placed along the shoreline to promote resiliency. National Grid has been on-site to provide power for construction trailers. A bridge abutment test is anticipated to be completed in November.

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, on motion made by Mr. Nasca, seconded by Mr. Kucharski and unanimously carried, the October 31, 2023 meeting of the Board of Directors was adjourned at 1:00 p.m.

Respectfully submitted,

Kevin J. Zanner, Secretary

683 Northland Master Tenant, LLC

Financial Statements

November 30, 2023

(Unaudited)

683 NORTHLAND MASTER TENANT, LLC
Balance Sheet

ASSETS	November	October	December
Current assets:	2023	2023	2022
Cash	\$ 505,841	\$ 458,783	\$ 486,590
Tenant receivable	26,430	36,723	42,206
Prepaid expenses	127,986	136,868	115,882
Total current assets	<u>660,257</u>	<u>632,374</u>	<u>644,678</u>
Prepaid rent - sublessee	531,913	528,074	483,394
Prepaid leasing commission	164,124	166,350	188,616
Tenant security deposits	80,481	80,425	84,894
Cash reserves	349,054	348,810	356,575
Equipment, net	19,869	19,869	19,869
Right of use asset - Master Lease Agreement	26,817,143	26,962,513	28,430,126
Total assets	<u>\$ 28,622,842</u>	<u>\$ 28,738,415</u>	<u>\$ 30,208,152</u>
LIABILITIES & MEMBERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 44,315	\$ 47,614	\$ 130,895
Due to related parties	254,935	254,935	254,935
Total current liabilities	<u>299,250</u>	<u>302,549</u>	<u>385,830</u>
Operating deficit loan	132,359	132,359	132,359
Tenant security deposits	79,850	79,850	84,850
Deferred operating lease liability - Master Lease Agreement	7,427,726	7,456,095	7,736,986
Deferred operating lease liability - sublessee	5,090,780	5,136,870	5,637,433
Distribution payable - priority return	-	-	238,207
Total noncurrent liabilities	<u>12,730,715</u>	<u>12,805,173</u>	<u>13,829,835</u>
MEMBERS' EQUITY	15,592,876	15,630,694	15,992,487
Total liabilities and net position	<u>\$ 28,622,842</u>	<u>\$ 28,738,415</u>	<u>\$ 30,208,152</u>

683 NORTHLAND MASTER TENANT, LLC
Income Statement

Year-to-Date For the Period Ended:

	<u>November 2023</u>	<u>October 2023</u>	<u>December 2022</u>
Revenues:			
Lease revenue	\$ 1,326,358	\$ 1,207,280	\$ 1,466,335
Additional lease revenue	688,171	624,271	753,037
Interest and other revenue	6,347	5,683	1,372
Total revenues	<u>2,020,876</u>	<u>1,837,234</u>	<u>2,220,744</u>
Expenses:			
Lease expense	1,755,111	1,597,074	1,879,742
Payroll	144,049	131,969	143,808
Utilities expense	13,764	13,384	85,089
Insurance expense	116,475	105,317	122,769
Professional fees	74,148	69,638	77,936
Property management fee	63,945	58,178	70,520
Real estate taxes	17,896	17,896	20,398
Repairs and maintenance	225,099	195,571	286,011
Asset management fee	10,000	10,000	10,000
Miscellaneous expense	-	-	318
Depreciation expense	-	-	5,056
Total expenses	<u>2,420,487</u>	<u>2,199,028</u>	<u>2,701,647</u>
Net loss	(399,611)	(361,793)	(480,903)
Members' equity - beginning of period	<u>15,992,487</u>	<u>15,992,487</u>	<u>14,578,450</u>
Change in members' equity	(399,611)	(361,793)	(480,903)
Members' capital contributions	-	-	2,091,098
Distributions	-	-	(196,158)
Members' equity - end of period	<u>\$ 15,592,876</u>	<u>\$ 15,630,694</u>	<u>\$ 15,992,487</u>

683 NORTHLAND MASTER TENANT, LLC
Statement of Cash Flows

Year-to-Date For the Period Ended:

	<u>November 2023</u>	<u>October 2023</u>	<u>December 2022</u>
Cash flows from operating activities:			
Net loss	\$ (399,611)	\$ (361,793)	\$ (480,903)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	-	-	5,056
Decrease (increase) in assets:			
Tenant receivables	15,776	5,483	32,479
Prepaid insurance	(12,104)	(20,986)	(9,220)
Accrued rental income	(48,519)	(44,680)	(57,085)
Prepaid leasing commission	24,492	22,266	29,322
Right of use asset - Master Lease Agreement	1,303,723	1,186,721	1,395,256
Increase (decrease) in liabilities:			
Security deposit liability	(5,000)	(5,000)	(4)
Accounts payable	(86,580)	(83,281)	(13,655)
Deferred operating lease liability - sublessee	(546,653)	(500,563)	(513,406)
Net cash provided (used) by operating activities	<u>245,524</u>	<u>198,167</u>	<u>387,840</u>
Cash flows from investing activities:			
Equipment purchases	-	-	(18,390)
Net cash used by investing activities	<u>-</u>	<u>-</u>	<u>(18,390)</u>
Cash flows from financing activities:			
Members' contributions	-	-	2,091,098
Distributions	(238,207)	(238,207)	(221,892)
Payments of prepaid rent under Master Lease Agreement	-	-	(1,869,206)
Net cash provided by financing activities	<u>(238,207)</u>	<u>(238,207)</u>	<u>-</u>
Net increase (decrease) in cash	7,317	(40,040)	369,450
Cash and restricted cash - beginning of period	<u>928,059</u>	<u>928,059</u>	<u>558,609</u>
Cash and restricted cash - end of period	<u>\$ 935,376</u>	<u>\$ 888,019</u>	<u>\$ 928,059</u>

683 NORTHLAND MASTER TENANT, LLC
Budget to Actual Comparison

	<u>YTD November 2023</u>	<u>YTD Budget 2023</u>	<u>Variance</u>
Revenues:			
Lease revenue	\$ 1,326,358	\$ 1,334,667	\$ (8,309)
Additional lease revenue	688,171	680,167	8,005
Interest and other revenue	6,347	229	6,117
Total revenues	<u>2,020,876</u>	<u>2,015,063</u>	<u>5,814</u>
Expenses:			
Lease expense	1,755,111	1,723,097	32,014
Payroll	144,049	152,258	(8,209)
Utilities	13,764	93,500	(79,736)
Insurance	116,475	116,417	58
Professional fees	74,148	62,058	12,090
Property management fee	63,945	66,917	(2,972)
Real estate taxes	17,896	23,833	(5,938)
Repairs and maintenance	225,099	239,250	(14,152)
Asset management fee	10,000	10,000	-
Miscellaneous	-	4,583	(4,583)
Depreciation	-	-	-
Total expenses	<u>2,420,487</u>	<u>2,491,914</u>	<u>(71,427)</u>
Net income (loss)	\$ (399,611)	\$ (476,851)	\$ 77,240

Budget variances:

- Lease expense represents the base lease cost of the Master Lease with 683 Northland LLC
- Utility costs are below budget because the majority of expenses are being billed to the tenants.
- Professional fees are above budget year-to-date because of timing (e.g. audit and tax prep fees).
- Repairs and maintenance includes building automation system costs, snow removal and landscaping.

Buffalo Urban Development Corporation
Consolidated Financial Statements
November 30, 2023
(Unaudited)

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

	<u>November</u> <u>2023</u>	<u>October</u> <u>2023</u>	<u>December</u> <u>2022</u>
ASSETS			
Current assets:			
Cash	\$ 20,581,129	\$ 8,910,231	\$ 20,354,669
Restricted cash	3,707,241	3,817,867	4,014,036
Grants receivable	89,540,574	30,640,574	32,183,206
Other current assets	5,720,955	5,763,856	6,230,118
Total current assets	<u>119,549,899</u>	<u>49,132,528</u>	<u>62,782,029</u>
Noncurrent assets:			
Loans receivable	9,666,400	9,666,400	9,666,400
Equity investment	178,051	178,051	178,051
Capital assets, net	101,007,699	101,353,592	104,743,214
Land and improvement held for sale, net	788,212	788,212	788,212
Total noncurrent assets	<u>111,640,362</u>	<u>111,986,254</u>	<u>115,375,877</u>
Total assets	<u>\$ 231,190,261</u>	<u>\$ 161,118,783</u>	<u>\$ 178,157,906</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$ 687,461	\$ 370,018	\$ 244,121
Lines of credit	600,000	647,158	677,158
Loans payable, current	369,750	369,750	1,001,167
Unearned grant revenue	111,567,593	41,292,088	53,843,821
Total current liabilities	<u>113,224,803</u>	<u>42,679,014</u>	<u>55,766,267</u>
Deferred rent liability	19,374,103	19,492,497	20,693,140
Loans payable, noncurrent	13,730,000	13,730,000	14,099,750
Total noncurrent liabilities	<u>33,104,103</u>	<u>33,222,497</u>	<u>34,792,890</u>
NET POSITION			
Net investment in capital assets	87,696,161	88,042,053	90,430,509
Restricted	3,315,525	3,315,525	3,510,166
Unrestricted	(6,150,331)	(6,140,307)	(6,341,926)
Total net position	<u>84,861,355</u>	<u>85,217,271</u>	<u>87,598,749</u>
Total liabilities and net position	<u>\$ 231,190,261</u>	<u>\$ 161,118,783</u>	<u>\$ 178,157,906</u>

Balance Sheet Notes:

- Cash increased mainly due to receipt of grants during the month.
- Restricted cash decreased due to reimbursement of monies from Brownfield Fund during the month.
- Grants receivable increased due to recording of new grants.
- Capital assets decrease is due to monthly depreciation expense.
- Accounts payable/accrued expenses increased due to higher consultant invoices for Ralph Wilson Park.
- Lines of credit: balances at end of November are BUDC: \$0 ; 683 Northland: \$600,000. 683 Northland took no advances during the month and BUDC's line is currently paid down.
- Unearned grant revenue increased due to additional grant receivable net of recognized grant revenue.

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

	<u>November 2023</u>	<u>October 2023</u>	<u>December 2022</u>
Operating revenues:			
Grant revenue	\$ 24,412,557	\$ 23,765,162	\$ 8,056,897
Brownfield funds	33,502	33,502	36,183
Loan interest and commitment fees	88,609	80,553	618,537
Rental and other revenue	2,793,352	2,626,310	9,024,458
Proceeds from sale of land, net	-	-	(440,604)
Total operating revenues	<u>27,328,020</u>	<u>26,505,527</u>	<u>17,295,471</u>
Operating expenses:			
Development costs	23,847,996	23,472,185	8,152,353
Adjustment to net realizable value	321,889	129,187	121,587
Salaries and benefits	403,997	362,313	384,460
General and administrative	1,690,907	1,470,937	1,678,689
Management fee	80,616	72,916	83,967
Depreciation	3,720,115	3,381,923	4,152,122
Total operating expenses	<u>30,065,520</u>	<u>28,889,462</u>	<u>14,573,179</u>
Operating income (loss)	(2,737,500)	(2,383,935)	2,722,292
Non-operating revenues (expenses):			
Loss on disposal	-	-	18,051
Interest expense	(162,771)	(156,137)	(782,784)
Interest income	133,987	122,003	18,966
Other income	(13,420)	(5,720)	(44,366)
Total non-operating revenues (expenses)	<u>(42,205)</u>	<u>(39,854)</u>	<u>(790,133)</u>
Change in net position	(2,779,705)	(2,423,789)	1,932,159
Net position - beginning of period	<u>87,598,749</u>	<u>87,598,749</u>	<u>85,318,266</u>
Capital contributions, net of distributions	42,311	42,311	348,325
Net position - end of period	<u>\$ 84,861,355</u>	<u>\$ 85,217,272</u>	<u>\$ 87,598,749</u>

BUFFALO URBAN DEVELOPMENT CORPORATION
Consolidating Statement of Net Position
November 30, 2023 (Unaudited)

	Buffalo Urban Development Corporation	683 WTC, LLC	683 Northland LLC	Eliminations (1)	Total
ASSETS					
Current assets:					
Cash	\$ 20,535,573	\$ 60	\$ 45,495	\$ -	\$ 20,581,129
Restricted cash	3,545,373	-	161,869	-	3,707,241
Grants receivable	89,540,574	-	-	-	89,540,574
Other current assets	7,604,638	26,833	132,359	(2,042,874) (1)	5,720,955
Total current assets	<u>121,226,158</u>	<u>26,893</u>	<u>339,722</u>	<u>(2,042,874)</u>	<u>119,549,899</u>
Noncurrent assets:					
Loans receivable	61,853,679	-	-	(52,187,279) (1)	9,666,400
Equity investment	-	67,097,964	-	(66,919,913) (1)	178,051
Capital assets, net	8,402,866	-	92,604,834	-	101,007,699
Land and improvement held for sale, net	788,212	-	-	-	788,212
Total noncurrent assets	<u>71,044,756</u>	<u>67,097,964</u>	<u>92,604,834</u>	<u>(119,107,192)</u>	<u>111,640,362</u>
Total assets	<u>\$ 192,270,915</u>	<u>\$ 67,124,857</u>	<u>\$ 92,944,556</u>	<u>\$ (121,150,066)</u>	<u>\$ 231,190,261</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expense	\$ 681,184	\$ 2,045,024	\$ 4,127	\$ (2,042,874) (1)	\$ 687,461
Line of credit	-	-	600,000	-	600,000
Loans payable, current	369,750	-	-	-	369,750
Unearned grant revenue	111,567,593	-	-	-	111,567,593
Total liabilities	<u>112,618,527</u>	<u>2,045,024</u>	<u>604,127</u>	<u>(2,042,874)</u>	<u>113,224,803</u>
Noncurrent liabilities:					
Deferred rent liability	-	-	19,374,103	-	19,374,103
Loans payable, noncurrent	-	52,187,279	13,730,000	(52,187,279) (1)	13,730,000
Total noncurrent liabilities	<u>-</u>	<u>52,187,279</u>	<u>33,104,103</u>	<u>(52,187,279)</u>	<u>33,104,103</u>
NET POSITION					
Net investment in capital assets	8,821,327	-	78,874,834	-	87,696,161
Restricted	3,315,525	-	-	-	3,315,525
Unrestricted	67,515,535	12,892,553	(19,638,507)	(66,919,913) (1)	(6,150,331)
Total net position	<u>79,652,388</u>	<u>12,892,553</u>	<u>59,236,326</u>	<u>(66,919,913)</u>	<u>84,861,355</u>
Total liabilities and net position	<u>\$ 192,270,915</u>	<u>\$ 67,124,857</u>	<u>\$ 92,944,556</u>	<u>\$ (121,150,066)</u>	<u>\$ 231,190,261</u>

(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: November 30, 2023 (Unaudited)

	Buffalo Urban Development Corporation	683 WTC, LLC	683 Northland LLC	Eliminations (1)	Total
Operating revenues:					
Grant revenue	\$ 24,412,557	\$ -	\$ -	\$ -	\$ 24,412,557
Brownfield funds	33,502	-	-	-	33,502
Loan interest and commitment fees	88,609	-	-	-	88,609
Rental and other revenue	125,926	897,001	1,770,425	-	2,793,352
Proceeds from land sales, net	-	-	-	-	-
Total operating revenue	<u>24,660,594</u>	<u>897,001</u>	<u>1,770,425</u>	<u>-</u>	<u>27,328,020</u>
Operating expenses:					
Development costs	23,847,996	-	-	-	23,847,996
Adjustment to net realizable value	321,889	-	-	-	321,889
Salaries and benefits	403,997	-	-	-	403,997
General and administrative	1,380,200	128,150	182,557	-	1,690,907
Management fee	80,616	-	-	-	80,616
Depreciation	-	-	3,720,115	-	3,720,115
Total operating expenses	<u>26,034,698</u>	<u>128,150</u>	<u>3,902,672</u>	<u>-</u>	<u>30,065,520</u>
Operating income	(1,374,104)	768,851	(2,132,247)	-	(2,737,500)
Non-operating revenues (expenses):					
Interest expense	(26,417)	-	(136,354)	-	(162,771)
Interest income	133,331	325	330	-	133,987
Other income/expenses	-	-	(13,420)	-	(13,420)
Total non-operating revenues (expenses)	<u>106,914</u>	<u>325</u>	<u>(149,444)</u>	<u>-</u>	<u>(42,205)</u>
Change in net position	(1,267,190)	769,176	(2,281,691)	-	(2,779,705)
Net position - beginning of year	80,919,578	12,123,377	60,669,506	(66,113,712) (1)	87,598,749
Capital contributions, net of distributions	-	-	848,512	(806,201) (1)	42,311
Net position - end of period	<u>\$ 79,652,388</u>	<u>\$ 12,892,553</u>	<u>\$ 59,236,326</u>	<u>\$ (66,919,913)</u>	<u>\$ 84,861,355</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: November 30, 2023 (Unaudited)

	YTD November 2023	YTD Budget 2023	Variance
Operating revenues:			
Grant revenue	\$ 24,412,557	\$ 34,517,083	\$ (10,104,526)
Brownfield funds	33,502	36,667	(3,165)
Loan interest and commitment fees	88,609	88,609	(0)
Rental and other revenue	2,793,352	1,815,332	978,020
Proceeds from land sales, net	-	181,225	(181,225)
Total operating revenues	<u>27,328,020</u>	<u>36,638,916</u>	<u>(9,310,895)</u>
Operating expenses:			
Development costs	23,847,996	29,248,230	(5,400,234)
Adjustment to net realizable value	321,889	-	321,889
Salaries and benefits	403,997	475,836	(71,839)
General and administrative	1,690,907	1,214,745	476,163
Management fee	80,616	79,750	866
Depreciation	3,720,115	3,740,917	(20,802)
Total operating expenses	<u>30,065,520</u>	<u>34,759,478</u>	<u>(4,693,957)</u>
Operating income (loss)	<u>(2,737,500)</u>	1,879,438	(4,616,938)
Non-operating revenues (expenses):			
Interest expense	(162,771)	(225,201)	62,430
Interest income	133,987	458	133,528
Other income/expenses	(13,420)	-	(13,420)
Total non-operating revenues (expenses)	<u>(42,205)</u>	<u>(224,743)</u>	<u>182,538</u>
Change in net position	<u>\$ (2,779,705)</u>	<u>\$ 1,654,695</u>	<u>\$ (4,434,400)</u>

Budget variances:

- Grant revenue relates mainly to Ralph C. Wilson, Jr. Centennial Park and Northland Solar Projects. The variance is due to lower grant revenue recognition than anticipated as a result of project timing.
- Rental and other revenue consists of recognition of prepaid rent income (straight-line basis) by 683 Northland LLC from 683 Northland Master Tenant, LLC, and rent income at properties other than 683 Northland Avenue. Also included is 2020 brownfield tax credit refund to 683 WTC, LLC of \$897,000, received in January.
- 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.
- Salaries and benefits are under budget because the 2023 budget included 4 employees for the entire year, Northland Project Manager was hired in June 2023.
- General and administrative costs consist of insurance, rents, audit/tax, marketing and other G&A costs. Rents include BUDC offices, Buffalo Manufacturing Works base rent (per ESD grant agreement) and recognition of prepaid rent for Workforce Training Center.
- Depreciation relates mainly to capitalized assets at 683 Northland Avenue.
- Interest expense represents cost of borrowing related to 714 Northland and 683 Northland line of credit.

Buffalo Urban Development Corporation

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Item 4.1

MEMORANDUM

TO: BUDC Board of Directors
FROM: Mollie Profic, Treasurer
SUBJECT: 683 Northland Project Phase II - Inter-Company Transactions
DATE: December 19, 2023

BUDC is the 95% owner of the 683 Northland project through its wholly owned subsidiary company, 683 WTC, LLC. The remaining 5% owner is Buffalo Brownfield Restoration Corporation, which owns its project interest through its wholly owned subsidiary company, BBRC Land Company I, LLC. The organizational chart attached to the memorandum shows this ownership structure, which was a requirement of the investors in the project.

As part of the tax credits transaction, BUDC used a portion of grants proceeds made available for the project to make a donation to BBRC. BBRC used the donated proceeds to make a loan to BBRC Land Company I, LLC, which was then used those loaned proceeds to make a capital contribution to 683 Northland LLC to facilitate the rehabilitation of the project.

This donation is documented by a Subrecipient Agreement between BUDC and BBRC, pursuant to which BUDC agreed to grant to BBRC up to 5% of the proceeds it received from various grant sources ("Grants") (the "BUDC Grant"). The BUDC Grant was then used by BBRC to make a loan to BBRC Land Company I, LLC. This loan was documented by a promissory note and executed by BBRC Land Company I, LLC in favor of BBRC.

The remaining 95% of the proceeds from the Grants were contributed by BUDC to its wholly-owned subsidiary, 683 WTC, LLC in the form of a loan. This loan was documented by a promissory note and executed by 683 WTC, LLC in favor of BUDC.

A series of modifications were made to the Phase II loan documents, most recently authorized at the November 24, 2020 BUDC Board of Directors meeting. These modifications were needed at the time as a result of timing issues related to the original funding projections, as exacerbated by the Covid-19 pandemic. At the November 24, 2020 meeting, the BUDC Board of Directors approved the following:

Hon. Byron W. Brown, Board Chair • Dennis Penman, Vice Chair • Peter M. Cammarata, President • David A. Stebbins, Executive Vice President
Mollie Profic, Treasurer • Bradley Bach, Assistant Treasurer • Kevin J. Zanner, Secretary • Brandye Merriweather, Vice President

1. An amended subrecipient agreement between BUDC and BBRC for grant funding to BBRC (the “Phase II Subrecipient Agreement”), which increased the amount of the Phase II Subrecipient Agreement by \$179,000.00 (from \$1,250,000.00 to \$1,429,000.00); and
2. An amended promissory note from 683 WTC, LLC to BUDC (the “Phase II Promissory Note”), which increased the amount of the Phase II Promissory Note by \$3,392,000.00 (from \$23,750,000.00 to \$27,142,000.00).

At its October 31, 2023 meeting, the BUDC Board of Directors accepted the 55 million-dollar RECAP grant award from Empire State Development. A portion of this grant award includes an allocation for cost recovery related to the 683 Northland project. Once available, BUDC will use a portion of this allocation to pay off its outstanding line of credit with KeyBank, which presently has a principal balance of \$600,000.00. Since the line of credit is in the name of 683 Northland LLC, further modifications are needed to the Phase II Subrecipient Agreement and Phase II Promissory Note so that the cost recovery funds flow through the tax credits model.

The modifications necessary are as follows:

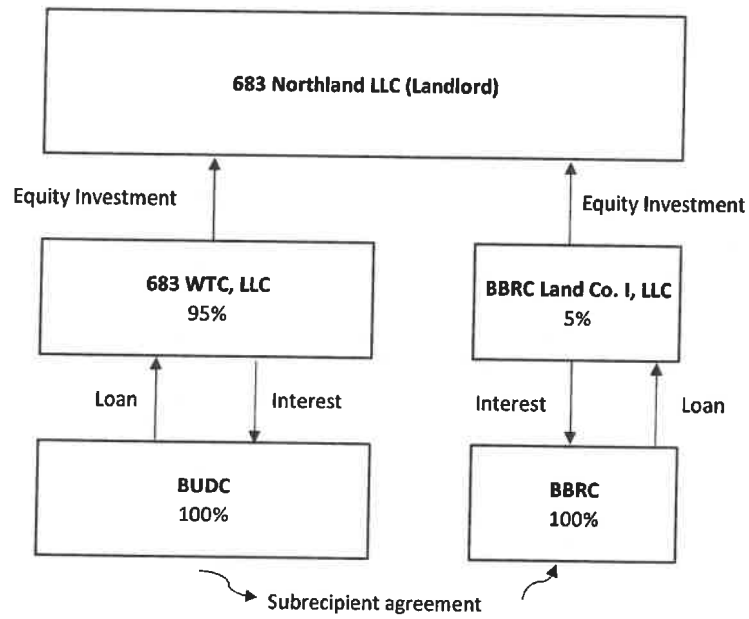
1. Increase Phase II Subrecipient Agreement amount by \$30,000 (from \$1,429,000 to \$1,459,000)
2. Increase the Phase II Promissory Note amount by \$570,000 (from \$27,142,000 to \$27,712,000)

This item was reviewed with the Audit and Finance Committee at its December 14th meeting and was recommended for Board approval.

Action:

We are requesting that the BUDC Board of Directors: (i) approve an amendment to the Phase II Subrecipient Agreement between BUDC and BBRC to increase the grant to BBRC by an amount not-to-exceed \$30,000.00; (ii) approve an amendment to the Phase II Promissory Note to increase the principal balance of the note by the not-to-exceed amount of \$570,000.00; and (iii) authorize the President or Executive Vice President of BUDC to execute these amendments and such other documents on behalf of BUDC and 683 WTC, LLC, and to take such other actions as are necessary and appropriate to implement this authorization.

Buffalo Urban Development Corporation



Buffalo Urban Development Corporation

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Item 4.2

MEMORANDUM

TO: BUDC Board of Directors

FROM: Rebecca Gandour, Executive Vice President

RE: 683 Northland Avenue – Extension of KeyBank Line of Credit

DATE: December 19, 2023

As the Board is aware, 683 Northland LLC obtained a \$1,000,000 line of credit through KeyBank as part of the project financing for the 683 Northland project. The current balance on the line of credit is approximately \$600,000 and expires as of December 31, 2023. BUDC will use a portion of its RECAP grant award from Empire State Development to pay off this line of credit, as a portion of the grant award includes an allocation for cost recovery related to the 683 Northland project. These grant funds will not be available to pay off the line of credit by December 31st.

Over the past several weeks, BUDC staff has been in discussions with KeyBank regarding an extension of the line of credit. As a result of those discussions, KeyBank has authorized a 90-day extension of the line of credit through March 31, 2024. BUDC has received an Allonge from KeyBank to memorialize this extension with the same terms as the current line of credit and an invoice of \$1,183.20 for work associated with the extension.

This item was reviewed with the Audit and Finance Committee at its December 14th meeting and was recommended for Board approval.

Action:

We are requesting that the Board of Directors: (i) approve a ninety (90) day extension of the term for the KeyBank line of credit; and (ii) authorize the President or Executive Vice President to execute and deliver such agreements and documents and to take such actions on behalf of 683 Northland LLC, BUDC, and 683 WTC, LLC as may be reasonably necessary or appropriate to implement this action.

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